

THE NATION'S BUSINESS

February



1925

Facts the Senate Never Got

By SAMUEL S. WYER

The true story of cheaper electric current in Ontario and the man
who finally pays the bills

What Price Demagoguery?

By JULIUS H. BARNES

The grain grower lost millions listening to the men who told him
"Wall Street" was raising prices

In this issue also

A. J. BROSSAU
RICHARD F. GRANT
T. E. DONNELLEY

GEORGE E. ROBERTS
E. S. GREGG
IRVING S. PAULL

Map of the Nation's Business, page 58
Complete table of contents on page 5



Published by the Chamber of Commerce of the United States



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Birmingham Detroit Philadelphia
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and San Francisco

The Austin Company of Texas: Dallas

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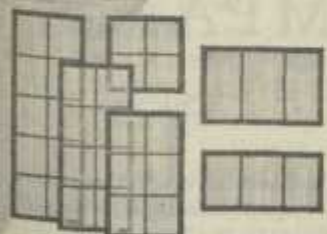
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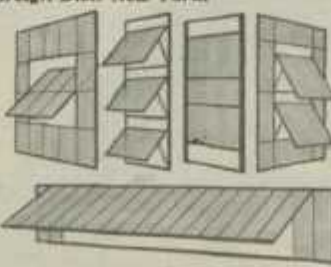


PLATFORMS AND BOXES



STANDARD BUILDINGS

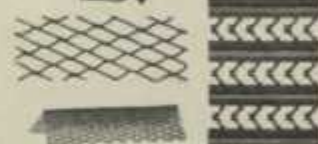
FLAT ROOF TYPES



STEEL WINDOWS OF EVERY TYPE



STEEL JOISTS



METAL LATH AND CORNER STEEL



HIGHWAY PRODUCTS



REINFORCING STEEL - WIDE RIBS - HY-RIB



STANDARD BUILDINGS

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STEEL WINDOWS AND DOORS,
STANDARD BUILDINGS,
TRUSSES, STEEL ROOF DECKS,
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"Waste in Production" *inre-* STEFCO BUILDINGS

"Waste in Production" and "Waste in Distribution" are probably being given more intensive consideration today by business executives than any other subjects affecting industry in general. At the second mid-year meeting of the Northern Central Division of the Chamber of Commerce of the United States at Indianapolis, attended by some 400 representative business executives from six mid-western states, these were the all-absorbing topics.

STEFCO READYBUILT STEEL FACTORY BUILDINGS are so closely related to these subjects that no program of plant building or expansion is complete which fails to take into consideration the distinct service and cost saving offered by STEFCO standard buildings. In fact—

STEFCO BUILDINGS PAY FOR THEMSELVES
The saving of a half or more in the cost of STEFCO all steel buildings over brick or concrete, during a period of ten years, pays for the initial cost of the STEFCO installation and you still have the building. On a brick or concrete structure costing \$20,000.00, a STEFCO building will effect a saving of \$10,000.00 which, during the period mentioned, will finance the cost of the STEFCO building.

Here are the figures:

Saving effected on a STEFCO Bldg.	\$10,000.00
Annual interest at 6%	\$600.00
Annual depreciation at 2%	200.00
Annual Taxes at 2%	200.00
Annual saving 10 years	\$1,000.00
	<u>\$10,000.00</u>

At the end of this period, you can write off your initial outlay and you still have your STEFCO building which, with ordinary upkeep, will last a lifetime.

FIXED CHARGES REDUCE NET EARNINGS

Like taxes, fixed plant investment goes on forever and reduces net earnings. Ample working capital increases net



earnings. Buy STEFCO buildings and use the saving for working funds.

STEFCO BUILDINGS ARE GOOD BUILDINGS

Scientifically designed according to the best engineering practice and standardized in seven general types, one of which will meet your requirements. Strong proportionately as a skyscraper, fireproof, permanent structures. No need to "lift the hood" on a STEFCO building, it is a finished product.

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Corrugated sheets are used exclusively because this is the best known method of strengthening a steel sheet. Galvanized sheets are used because this is the best known method of resisting rust. Black sheets usually start to rust before they leave the rolling mill. That is the reason we use galvanized sheets. Flat sheets bend and warp of their own weight—corrugated sheets will support a man's weight. That is the reason we use corrugated sheets.

AVOID "FADS AND FRILLS"

There are no "fads or frills" about STEFCO design. We are satisfied to follow the best experience of the steel industry and the engineering profession.

CONSULTING ENGINEER SERVICE FREE

One of the principal functions of our Engineering Department is to be of service to prospective plant builders. Its experience of years covers almost every conceivable factory layout.

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AND
WORKS

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INDIANA
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Interested in Building

..... ft. wide ft. long ft. high.

Please send free catalog.

Name Position

Firm Name

Address



Reproduction from a painting of the estate of R. R. Colgate, Sharon, Conn., by Frank Swift Chase

© The D. T. E. Co., Inc., 1925

\$1,250,000.00 business in saving trees during 1924 by The Davey Tree Expert Co.

An increase of 25% over 1923

IN 1906 the business of The Davey Tree Expert Company was approximately \$10,000.00, with John Davey in personal charge training his men in his wonderful new science. In 1924 the business reached a total of \$1,250,000.00 for the year.

In 1906 John Davey had only a dozen men—today the Davey organization numbers more than 500 and is national in scope.

During 1924 The Davey Tree Expert Company treated in this one year more than 98,000 trees—for more than 6,000 clients between Boston and Kansas City and in California.

Of these clients 75% paid the Davey Company less than \$200 each. The smallest amount paid by any one client was 90c—the largest was \$15,528.62.

These clients include owners of private homes and country estates; schools, colleges and universities; city parks, golf and country clubs; churches, hospitals and philanthropic homes; cemeteries; federal, state and county institutions; manufacturing and insurance companies, and other corporations.

This business was founded on the genius, love and courage of John Davey, who gave to the world the wonderful Science of Tree Surgery. It was organized, built up and managed by his son, Martin L. Davey, with the cooperation of a group of unusual men. The Davey organization today is made up of men of such high personal qualities, ability and integrity that John Davey's slogan has become a living force, "Do it right or not at all."

THE DAVEY TREE EXPERT CO., Inc., 89 City Bank Bldg., Kent, Ohio

Branch offices with telephone connections: New York, 561 Fifth Ave., Telephone Murray Hill 1629; Albany, Volckert Bldg.; Boston, Massachusetts Trust Bldg.; Philadelphia, Land Title Bldg.; Baltimore, American Bldg.; Pittsburgh, 331 Fourth Ave.; Buffalo, 110 Franklin Street; Cleveland, Hippodrome Bldg.; Detroit, General Motors Bldg.; Cincinnati, Mercantile Library Bldg.; Louisville, Todd Bldg.; Indianapolis, Lombard Bldg.; Chicago, Westminster Bldg.; St. Louis, Arcade Bldg.; Kansas City, Scarriff Bldg.; Minneapolis, 636 Andrus Bldg.; Montreal, 912 Insurance Exchange Bldg.

Among prominent persons and institutions served by Davey Tree Surgeons are the following:

CITY OF LOUISVILLE
HON. ABRAM L. ELKUS
JAMES A. FARRELL
WILLIAM BODGE
HON. HERBERT C. HOOVER
IDLEWILD COUNTRY CLUB
CLARENCE BUDINGTON
KELLAND
UNION COLLEGE
MRS. C. A. WEYERHAEUSER
F. EDSON WHITE



JOHN DAVEY
Father of Tree Surgery
Reg. U. S. Pat. Off.

Attach this coupon
to your letterhead
and mail today

The Davey Tree Expert Co., Inc.
29 City Bank Bldg.
Kent, Ohio

Gentlemen: Without cost or obligation on my part, please have your local representative examine my trees and advise me as to their condition and needs.

DAVEY TREE SURGEONS

Every real Davey Tree Surgeon is in the employ of The Davey Tree Expert Co., Inc., and the public is cautioned against those falsely representing themselves. An agreement made with the Davey Company and not with an individual is certain evidence of genuineness. Protect yourself from impostors. If anyone solicits the care of your trees who is not directly in our employ, and claims to be a Davey man, write headquarters for his record. Save yourself from loss and your trees from harm.

When writing to THE DAVEY TREE EXPERT CO., INC., please mention Nation's Business



THE BIG BERTHA of the Norris-Shipstead fight in the Senate for government ownership of Muscle Shoals was the hydro-electric power situation in Canada. Day after day they cried aloud: "If Canada can give the common people cheap electricity, why can't we?" But they told only part of the truth, and that is why we are glad to introduce Samuel S. Wyer, who writes the first article in this issue, and who points out that Senator Norris didn't go far enough. What the Senator said was true, but it wasn't all the truth. Mr. Wyer, who is a consulting engineer of distinction, has just finished a study for the Smithsonian Institution of the whole Niagara power situation. He has written much on public utility problems, and during the war was Chief of Natural Gas Conservation in the United States Fuel Administration.

It is like a visit from an old and valued friend to have Julius H. Barnes as a contributor again. With his retirement from the presidency of the National Chamber, Mr. Barnes didn't surrender his interest in national problems. His is a first-hand knowledge of grain marketing and a keen understanding of the part that politics—and organized business, can play. He shows how the farmer lost millions through listening to the politicians.

Thomas E. Donnelley is president of R. R. Donnelley & Sons Printing Co., of Chicago, among the oldest and largest institutions of its kind in America. He is mild, soft of voice, of few words and never has been known to lose his temper. Why was this printer selected as the leader in a campaign that would free Chicago from a reign of trade graft and blackmail that was tying up the community's necessary building operations? One glance at Donnelley's steel-blue eyes would answer that question. He knows no fear; threats of assassination that came to him almost daily went into the wastebasket and were forgotten. For months and years he gave most of his time to lead a movement that would make his home community free from the domination of a group of crooked labor leaders and timid contractors regardless of his own business or his own personal safety. He believed that to be his first duty.

There aren't enough T. E. Donnelleys in this country.

A. J. Brosseau is president of Mack Trucks, Inc., and secretary of the Automobile Chamber of Commerce. He believes that the business of the street-railway companies is not merely to run street cars, but to sell transportation in whatever form the public needs it and will buy it. He doesn't feel that the bus is the competitor of the street car; it's another line of merchandise which the street-car company should carry.

E. S. Gregg, who tells us of the silent revolution that is taking place on the sea, is the Chief of the Transportation Division of the Bureau of Foreign and Domestic Commerce.

These are only a part of our contributors. George E. Roberts, Richard F. Grant, Ralph Barstow, Thomas F. Malone—it's a medley of business men who write to carry a message

Table of Contents

	PAGE
FACTS THE SENATE NEVER GOT.....By SAMUEL S. WYER.....	13
A distinguished engineer makes plain why some folks in Ontario have cheap current and who really pays the bill.	
WHAT PRICE DEMAGOGY?.....By JULIUS H. BARNES.....	15
The former President of the National Chamber shows how it cost the farmer millions to follow the advice of the "people's friends."	
A CONFERENCE ON DISTRIBUTION.....	17
A SILENT REVOLUTION ON THE SEA.....By E. S. GREGG.....	18
The transportation expert of the Department of Commerce tells what the motor ship is doing.	
WHO SHALL SELL BUS TRANSPORTATION?..By A. J. BROUSSEAU.....	21
The head of Mack Trucks would have the surface railway companies look upon the bus as an ally, not an enemy.	
ONE DELIVERY WAGON INSTEAD OF SIX....By R. G. FARAGHER.....	23
A concrete instance of cooperation that really works.	
THE RELATIVITY OF WASTE.....By ALFRED PEARCE DENNIS	26
WHERE WASTES IN DISTRIBUTION LIE.....By IRVING S. PAULL.....	29
The first of a series that deals with possible savings on the road to the consumer.	
THE LANDLORD'S SIDE.....By THOMAS J. MALONE...	31
That much abused person has his problems, and here are some of them.	
A BUSINESS INNOCENT ABROAD.....By HENRY SCHOTT.....	34
WHAT SHALL WE DO WITH THE CONVICT'S LABOR?.....	37
THE CASE FOR THE INVESTOR.....By RICHARD F. GRANT....	38
An approach to business problems from the standpoint of the man whose savings make the wheels go round.	
EDITORIALS.....	42
WHAT MAKES 5 AND 10 CENT STORES SUCCESSFUL?—	
By RALPH BARSTOW.....	44
THE FIGHT FOR FAIR PLAY IN CHICAGO....By T. E. DONNELLEY.....	48
The inside story of the fight Chicago business men made to force a square deal.	
THINGS TO TELL YOUR MEN.....By GEORGE E. ROBERTS....	52
Gold, the Common Agent of us All: Eleventh chapter on homespun economics.	
THE MAP OF THE NATION'S BUSINESS.....By FRANK GREENE.....	56
EXPLOITERS.....By BERTON BRALEY.....	56
TAKING THE "X" OUT OF TAXATION.....By ELMER MURPHY.....	60
AMBASSADORS OF FOREIGN TRADE.....By CHARLES D. HURREY...	66
TACKLING JOINT RETAIL PROBLEMS.....	68
ARBITRATING FOREIGN TRADE DISPUTES...By EDGAR CAROLAN.....	70
THE CHARITY CHECKING ACCOUNT.....By JAMES C. CASHEN.....	72
FROM \$7 PER MONTH TO A CHAIN OF STORES.....	75
OUR TRADE EMPIRE AT HOME.....By W. M. WILSON.....	76
THE PUBLIC NOW OWNS INDUSTRY: BOOK REVIEWS AND COMMENTS...	80
NEWS OF ORGANIZED BUSINESS.....	84
GOVERNMENT AIDS TO BUSINESS.....	90
RECENT FEDERAL TRADE CASES.....	94
CHIPS FROM THE EDITOR'S WORK BENCH...R. C. W.....	98
TRADE PAPER DIGEST.....	102
HUMAN NATURE IN BUSINESS.....By FRED KELLY.....	108

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No. 2

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.



Expect More from Your Plant

YOU can confidently expect bigger profits from your plant when you eliminate the heavy labor costs for handling materials, and clear away the congestion at knotty points of production. Mathews Conveyer Systems have accomplished exactly these results in hundreds of instances.

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Accurate reports on the results accomplished by this means in various representative plants are contained in surveys which we shall be glad to send to interested executives. In these dry looking reports are facts which must appear almost incredible to the man who has never studied the achievements of modern conveying methods.

Mathews engineers have designed successful installations in the widest diversity of industries, both manufacturing and wholesale. If you want to talk the subject over with a man who is competent to advise you we shall be glad to have our nearest District Engineer call upon you at your convenience.

MATHEWS CONVEYER COMPANY
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Conveying
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Mathews*



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Conveyer Systems

Increase Plant Profits

When writing to MATHEWS CONVEYER COMPANY please mention Nation's Business

and professional writers who have made business their special study.

NEARLY 100 years ago Amasa Whitney had a factory at Winchester, Mass. *The American Outlook* reprints in fac simile his rules and regulations for workers. Here's the first of the 16:

The mill will be put in operation 10 minutes before sunrise at all seasons of the year. The gates will be shut 10 minutes past sunset from the 20th of March to the 20th of September; at 30 minutes past 8 from the 20th of September to the 20th of March; Saturdays at sunset.

Sunrise to sunset in summer; sunrise to 8.30 in winter. Those were the hours men worked in 1830. The eight-hour day and the forty-four-hour week were undreamed of.

There is complaint sometimes that our modern methods of mass production make work monotonous; but if the worker has lost anything in that way by the change, hasn't he more than made it up by the priceless gift of time, time for his garden, his magazine, his automobile, his movies?

MR. J. K. GOULD, New York manager of the Campbell-Ewald Company, sends us a clipping from the *Wall Street Journal*. It reads:

An Iowa statute that had been on the statute books for 30 years has been repealed. The statute read: "The traveling motorist is ordered to telephone ahead to the next town of his coming, so that owners of nervous horses may be warned in advance."

The "There-Ought-to-Be-a-Law" advocate who put that act in the Iowa statutes is probably the owner of at least one six-cylinder car today. It's almost a certainty, if he's still alive. And we hope he is living, for we want him to organize a "There-Ought-to-Be-Fewer-Laws" act in the most literate state.

GLANCE through the excerpt here printed. It will have a familiar sound—will bring back to you statements that came out in the old, bitter days of the great coal strikes:

There is no trouble of any kind existing between the company and the employees. The only trouble that has existed at any time was due to the work of professional agitators who were sent into the field to create trouble. The report that the company is employing strike breakers is untrue—not a single man has been imported. To show the inconsistency of the United Mine Workers, they are finding fault with us because we do not put in the Jacksonville scale, but they allow their members to live in our houses and work at the adjoining mines at the scale we are paying, without saying a word to them or attempting to discipline them for doing so.

The report is being circulated that we are employing gunmen and thugs to beat up members of the United Mine Workers Union. Not a single gunman has been employed; not a single thug has ever been employed by the Coal River Collieries Company—not a single man has been molested. The only report we have of any one being arrested was of a man who was arrested for violation of the prohibition laws, located somewhere near our camp. The mines are efficiently and economically managed, and complete harmony exists between the officials of the company and the employees.

You also read about the starvation wages that the miners are receiving and that they cannot live. What would some of our members think who are battling tonnage trains



(Above)
Heavy motor quickly, easily, safely, Monorail can be routed over machines and heavy parts sorted on them.
Allen-Chalmers Mfg. Co., Milwaukee, Wis.



(Above)
Conveying 20 sheets of window glass from splitting shed to bottling room, quickly, with no danger of breakage.
American Window Glass Co., Pittsburgh, Pa.



(Above)
Heavy (1000 lb.) handling in various sizes, storage tracks were used and re-handling between rooms. Contact L. J. Griffin, Plant Co. No. 10, East, Ill.

(To right)
Beautiful, finished, fragile chinaware—handled on Loudon Monorail. Finished ware being taken from inspection room to stock department.
Pottery of Longs, Inc., Trenton, N.J.



(To left)
From 1000 lbs. to 10000 lbs. over Loudon Monorail with profit the year. Less than \$1.00 in 3 years for maintenance.
Hart, Hark, Co., Rockford, Ill.

"Louden Monorail Saves Us \$5,000 a Year"

This is reported by the Griess-Pfleger Tanning Co., Waukegan, Ill.—and scores of other plants, in many widely varied lines of production, likewise give credit for large savings to Loudon Monorail as against old methods of man-handling material.

In practically every line of industry, where loads up to 2000 lbs. must be moved, you can profit by using

LOUDEN

OVERHEAD CARRYING EQUIPMENT

In large plants and in small ones this active material handling equipment which is so moderate in cost, has proved itself to be one of the greatest of all production economies—a saver of labor, time, floor space, floor wear, rehandling expense and breakage. "We save \$1544 a year with our Loudon Monorail System, or 100% on the investment," reports the H. R. Mallinson & Co., Inc., Astoria, L. I. "It reduced our pouring gang from 20 to 6 men," is the word from the International Motor Co., New Brunswick, N. J. And the Martin-Parry Corporation says that "Louden Monorail used at York, Indianapolis, Lumberton, and in 18 or 20 of our branches is saving us, roughly, \$8,000 to \$10,000 a year." These reports are typical of many others in our files.

You should see one of these amazingly active Loudon Systems at work to thoroughly appreciate how it can and does reduce production costs. Smooth-running trolleys on a strong, safe track with sturdily built switches that are quickly and accurately operated, keep production humming and sing a song of savings that will surely warm your heart.

Let us refer you to an installation in your vicinity or advise one of our nearby Engineers to call and go over your plant for the purpose of making a report to you. Without obligation, of course. Set a date to suit your convenience.

Send for Loudon Overhead Book

It pictures many installations in various industries—from a few feet of track to many miles. Tells an interesting story of how other concerns have cut production costs. Send for your copy.

THE LOUDEN MACHINERY COMPANY

535 West Ave.

Established 1867

Fairfield, Iowa

Branches in Principal Cities



Several miles of Loudon monorail in one of the biggest motor plants in the country. It is used in continuous operation handling raw materials, parts finished and complete products from supply to machines, from machine to machine, and finally to warehouse or shipping platform. This installation has made possible increased quantity, speedier work and a lessened cost of production.



ARE YOU USING MANY MEN TO DO THE WORK THAT ONE COULD DO?



Chain is no stronger
than the weakest link—

—and it's the quality of the pin that makes the link. Plenty of thought and engineering skill have been employed in the manufacture of chain, but the pin, itself, has been sort of overlooked.

A satisfactory pin must possess a combination of toughness and hardness, as every one knows. As manufacturers of chain we have been engaged in research and experiment, and we believe the problem of a satisfactory pin has been solved.

Our combination of steel alloys, plus a special heat treatment, gives the TISCO pin extreme toughness and hardness with resulting maximum strength. We have been making this pin for a number of years and its success has been such that we have now installed equipment which enables us to furnish it in all sizes and in any quantity.

Specify TISCO special pins and you may rest assured that your chains will stand up satisfactorily under service. Complete information and prices upon request.

Taylor-Wharton Iron & Steel Co.

High Bridge, New Jersey

Sole owner of the Hibbard-Hodge Patents covering basic processes for the electric manufacture of manganese steel

Taylor-Wharton Iron & Steel Co.

Wm. Wharton, Jr. & Co., Inc.

Tings Steel & Iron Co.
Philadelphia Roll. & Mach. Co.

with the modern "freight hog," if they were to receive prices paid to these men who cannot live on these "starvation wages?" A check of the pay roll shows that machine operators average \$12.50 per day of eight hours; loaders, from \$9.00 to \$10.50 per day of eight hours; and as the entries are being driven in, this pay will be materially increased.

So do not be carried away by any of these rumors and propaganda that are being put out. The papers are being flooded with it, and all kinds of resolutions are being passed by the different Trades and Labor Councils who know absolutely nothing about the controversy. We will have more to say about the wages received, next month, and will give you specific cases.

In conclusion, let me say it is a source of gratification to receive so many letters from our stockholders voicing their approval of our plan of operation.

No, it is not from an association of coal operators. Not by an astronomical distance. It is reprinted from the *Locomotive Engineers Journal* for December, published by "the Brotherhood of Locomotive Engineers on Behalf of the Producing Classes," to quote from the magazine's sub-title. It appears on the President's Page of that interesting magazine. The President's Page is where the president of the Brotherhood, Mr. Warren S. Stone, addresses his members. The Brotherhood is operating its own coal mines—non-union—and Mr. Stone is only stating his side of the case in the conflict with the United Mine Workers.

A very readable statement, Mr. Stone.

THE ARTICLE by Floyd Parsons on "The Specter of City Ownership Fades," which we ran in the October number, has stirred correspondence all over the country. Some questioned Mr. Parsons' accuracy; some questioned his motives and some his deductions. Others wrote in giving three hearty cheers for anybody who would throw a well-aimed brick at government ownership in any form.

Here is a letter which takes an interesting and temperate view. It comes from Major C. R. Pettis, of the Procurement Branch of the Army Service, who devotes his time principally to a study of the transportation system of the country for industrial mobilization:

In the article by Floyd Parsons, in the October number, one paragraph is as follows:

"It should be known that the great success of the United States and of American industry has been created by private enterprise and initiative."

That is the truth, but it is not the whole truth. American industry has received much aid from the Government, at times when aid was needed.

Let us take land transportation, the railroads. In the early days of railroad construction in this country the railroads received aid from the Federal Government and various state governments. This aid took many forms, such as purchase of stock, purchase of bonds, the donation of cash or state securities, loans, tax exemption and exclusive privileges. Between 1850 and 1871 the Federal Government donated 150,000,000 acres of land of the public domain to the railroads; not quite all of this was turned over, because some roads failed to conform to the conditions; but the amount received was truly enormous.

Consider water transportation: The Government has spent more than \$600,000,000 on river and harbor improvement. Without adequate harbors, foreign commerce would be practically impossible.

What about the tariff? I do not have to refer you to our economic history to learn that practically every major industry in the United States has received substantial benefits from our tariff

policy; and tariff is essentially a form of taxation.

In view of the above I consider that Mr. Parsons' sweeping statement, "It should be known that not a single American industry has been invented or developed by our Government," is not altogether fair. It does not give the devil his due.

AN ARTICLE in the September issue said that blue stripes in U. S. mail bags were to be done away with at a considerable saving, and went on to discuss the useless things that get embedded in business houses. In far-away Brazil the article aroused a sympathetic, but slightly indignant response. Homer Brett, of our consular service, writes us from Bahia:

I feel that your editorial on "Blue Stripes in Business" in the September issue calls for comment.

In the harbor of a South American port I have had the sails stripped from a coasting schooner merely because these blue stripes showed that they were made of American mail bags, and first and last I have had the pannier covers taken off more than a hundred pack-burros for the same reason. Other American consuls in other places did the same under orders issued after it was realized that hundreds of thousands of American mail bags were in illegitimate use abroad, and the traffic was broken up.

Mail bags do not always remain in the care of postal employees, but must go into publishing offices, industrial plants and many other places. They are made of the finest canvas obtainable, useful to many persons for many purposes. The blue stripe is a conspicuous and indelible mark of government ownership; and if it costs \$20,000 a year to put it in, it will cost many times that sum to leave it out. The "investigation of the obvious" was not carried very far in this case.

When I left the Railway Mail Service sixteen years, and not generations, ago, red stripes for mail bags were not a tradition but an actual and essential fact. I believe that they are so still. There are many millions of bright young men in the world today very eager to abolish on the spur of the moment many things which were established by perhaps equally intelligent men upon just and due consideration.

A WRITER in *The Scientific Monthly*, discussing "The Next Science," takes a number of *THE NATION'S BUSINESS* to illustrate his thesis. He says:

One can scarcely open a newspaper without chancing upon topics that suggest more than a day's work for the future social scientist. I quote several titles from one number of *THE NATION'S BUSINESS*, published by the United States Chamber of Commerce: "It Costs Too Much To Sell Food," "America May Abolish Poverty," "The Railroads Ten Years from Now," "Remaking the New Tariff to Fit," "Human Nature in Business," "Recent Federal Trade Cases," "Can't We Carry Freight to Your Doors?" Not one of these topics fails to challenge the investigator. The popular treatment of topics of this class looks in the direction of science, but rarely achieves authority and impartiality. Society has yet to provide staff and resources for genuinely scientific exploration of contemporary social problems and conditions.

We didn't realize when we put out that number that we were contributing to the problems of science. We thought we were simply treating present-day timely business subjects. Maybe we were—and it is.

THAT this is the wedding season in India, the vaults of Wall Street banks and the Federal Reserve System can testify. The good ship *Knaresboro* steamed from New York Bay not long since, bearing as cargo to the merchants of Bombay two millions in silver bullion and nearly as much in gold. Poverty-stricken indeed is that Indian lover

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who cannot present to his bride an ornament of gold or silver; poverty-stricken indeed this year if he cannot now, after an abundant cotton crop. But in the past the gold has been bought in London. That the procedure varies now is due to a surplus of almost menacing proportions in this country, coupled with an exchange situation which favors New York over London. Thus a time of festivity on the other side of the world wiggles a merry message to our money marts, and oriental bazaars are made resplendent with our metals.

LAWS NOW affecting business number somewhere around twenty-two million, it is said. From time to time we have descanted on this pleasant indoor sport of legislators, and cried out against its inhumanity. "There ought to be a law—" was and is our pet aversion.

But we submit there should be a twenty-second millionth and one, and that one further restricting the business man. Call our proposal an about-face policy and heap upon us contumely and ridicule. Still we shall say, "there ought to be a law—"

Consider the criminality of program committees. Their cruelty to their principals and to their speakers, as well. They invite a busy man to travel hundreds of miles to speak. Said busy man sweats blood in preparing said speech. "Forty minutes," advises the committee.

What happens? Another speaker is added to the program. Then another. Then another is sandwiched in for just "five minutes." Then announcements. Sometimes there is added an inaugural or farewell address of some kind. The "speaker of the evening" (and this goes double if it's a luncheon meeting) finds himself at the shag end of the program with his forty-minute speech and a wilted audience. If he tries to cut his speech, both speech and audience usually suffer; if he goes bravely ahead, the hazard is as great.

Speakers owe audiences a carefully prepared speech and delivered within the allotted time. Program committees owe them the allotted time and opportunity.

Our advices from all over are to the effect that "something should be done, that there ought to be a law—"

IF ONLY a few more speakers had the wit—and courage—of Maclyn Arbuckle, the actor, who was invited as the principal speaker by some organization or other! The usual thing happened. The organization was changing officers and the ceremonies were long and wordy. The outgoing president told of his accomplishments and the new president told what he was going to do—the difference in the time taken by their speeches measuring the usual discrepancy between promise and performance. Then a song or two by the Glee Club, and some vice-presidents dug up, who seemed to hold with Antony that

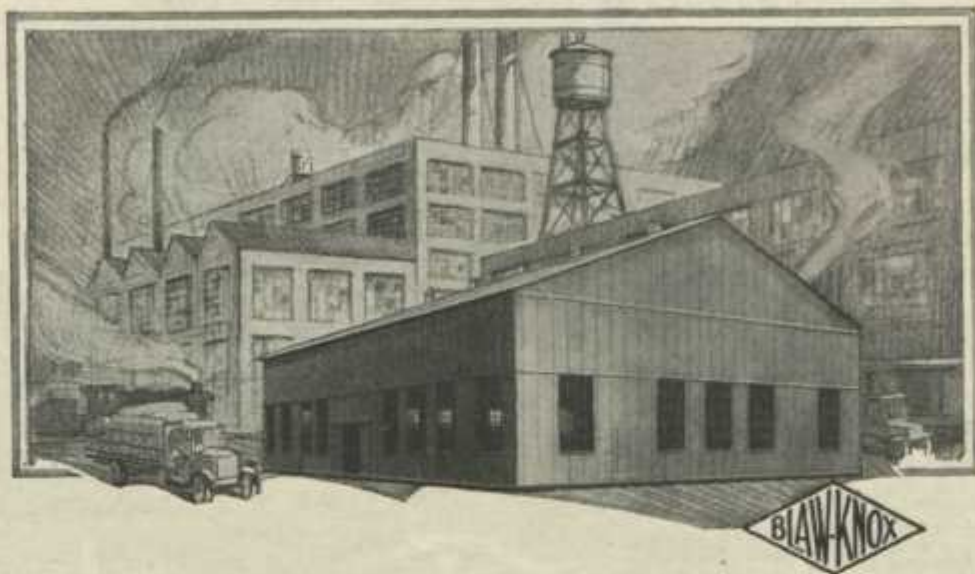
I am no orator as Brutus is,
... I only speak right on.

And while they spoke on and on the actor awaited his cue. It came at 11.45, after a seventeen-minute introduction in which the chairman of ceremonies finally reached his: "Mr. Maclyn Arbuckle, the speaker of the evening, will now give us his address."

Up rose Mr. Arbuckle, looking at his watch. Said he, "My address is the Lamb's Club, New York City. Good-night and good-bye!"

M.T.

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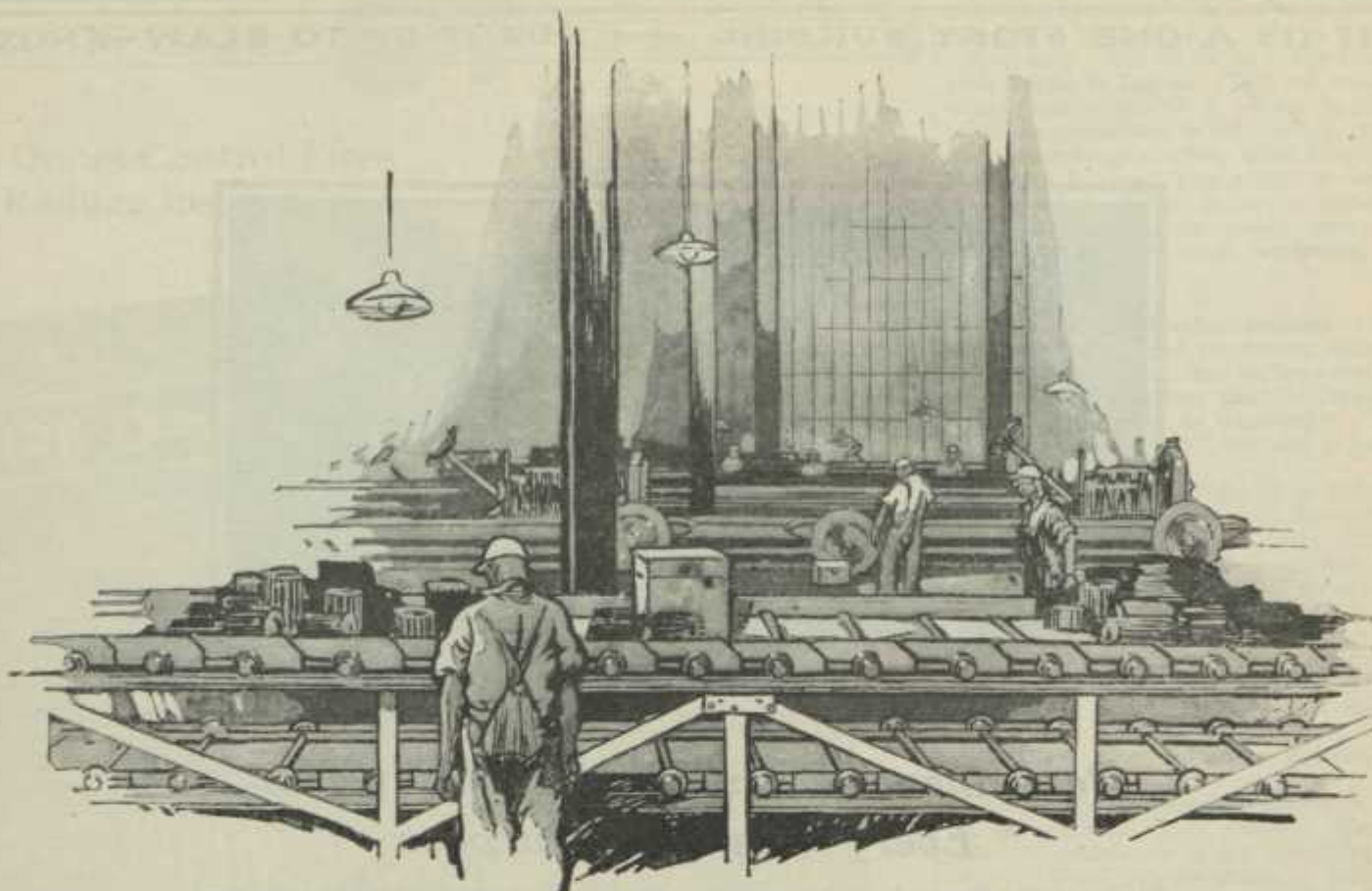
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GOOD MATERIAL HANDLING MACHINERY

Facts the Senate Never Got

By SAMUEL S. WYER



S. S. Wyer

THE NIAGARA RIVER is not merely the boundary line between two great and friendly countries; it is the dividing line between two radically different methods of making and selling electric light and power to the public.

In Ontario, on the Canadian side, we have the plants owned and operated by the government. In New York, on the United States side, we have plants owned and operated by private companies but regulated by the Government. And these two distinct methods have a definite effect on the economic structures of the two nations.

In comparing the two methods, I want to make plain that I am writing as an engineer and am dealing only with figures and facts. With the social, political and economic factors of government ownership, I am not concerned. I went to Niagara to study, for the Smithsonian Institution, the whole question of the possibilities of Niagara, the best use to make of its power and the best ways of preserving its beauties. In this work, covering more than two months, it was inevitable that I should be led into an inquiry into the contrasting methods of rendering electric service to the consumer.

[The work is recorded in the Smithsonian Institution's study of natural resources: "Niagara Falls, Its Power Possibilities and Preservation," January 13, 1923. Publication No. 2820.—The Editor.]

Let me thus sum up the contrast:

1. In Ontario the government-owned system sells electric service to domestic consumers at rates considerably below those prevailing in the United States, because:

(a) Government-owned property is exempt from taxation. This means a saving of about 10 per cent as compared with conditions in the United States.

(b) The domestic electric rates are below cost, and the loss is made up in part by higher rates for power consumers than prevail in the United States, which places Canadian manufacturers at a disadvantage.

(c) Part of the cost comes directly out of the Province treasury in the form of contributions and subsidies.

(d) At the time the Ontario governmentally owned hydro-electric system was initiated, the hope was held out to the public that the income from consumers of electricity would pay off the bonds. This has not been accomplished.

2. In the United States the privately owned but governmentally regulated systems sell electric service to domestic consumers at rates

hydro-electric plant, so much better off than New York, its neighbor across the river? We put the question to Samuel S. Wyer, a distinguished engineer, who has just completed a study of Niagara for the Smithsonian. His answer is here presented. It is a plain statement of facts.

The Ontario government-owned electric plant is selling cheaper current than its neighbor companies in New York, but—

It is selling more cheaply only to the domestic consumer, who gets it below cost;

It is charging more to the industrial user than the companies in the United States;

It is exempt from taxation;

It is directly subsidized by the Province treasury;

It is providing no proper sinking fund.

In other words, Ontario is robbing the industrial Peter to pay the domestic Paul. Moreover, it is putting off the inevitable day when the bill for construction and upkeep must be met.—THE EDITOR.

higher than those prevailing in Ontario, because:

(a) Since the property is taxed, the tax comes from the consumer, and this alone makes a gain of 10 per cent to electric service customers with a corresponding loss to all taxpayers.

(b) Under the scheme of governmental regulation in the United States the rates correspond substantially to the cost of the service.

The domestic consumer's cost measured by the kilowatt hour is more than the industrial consumer's. This, of course, means that the domestic rate is higher than the industrial, but it also results in giving the United States industrial consumers lower rates than the industrial consumers in Canada. It follows that manufacturers in the United States have an advantage over Canadian manufacturers, and this advantage spreads to all the public.

(c) There are no contributions from the public treasury either at present or any obligations that must be met out of the public

treasury in the future. That is, the United States governmentally regulated method is based on the principle of "pay as you go" without any deferred debt for the future.

In explaining these statements it is worth while to note how large part Niagara plays in the electric power situation in Canada and how little comparatively it plays in the United States. In all Canada only 6,700,000,000 kilowatt hours are annually generated. Of these, Ontario provides 3.1 billion, and of this Niagara's share is 2.5 billion.

New York alone, with 8,500,000,000 kilowatt hours, produces more than all Canada, while the whole United States uses annually about 55,600,000,000. To these totals Niagara furnishes the same amount as to Canada—about 2,500,000,000 kilowatt hours. In other words, Niagara furnishes to the United States less than one-twentieth of its power; to Canada, almost two-fifths.

In bringing out the differences between methods in Ontario and methods in this country it is necessary to understand that the major part of the cost of generating electric current is constant and accrues regardless of the current output of the plant. This is because of the large amount of capital involved and the heavy fixed charge. The mere fact that the plant must be ready to serve 8,700 hours in the year adds largely to these charges.

Therefore, the greater the number of average hours that current is used, the smaller will be the fixed charge that will be prorated on each kilowatt hour. Increase in hours used decreases the cost per hour.

The domestic consumer uses current but a short time each day, while the average industrial consumer is a long-hour user. Therefore, the cost of industrial current is less than for the domestic current.

The dominating fundamental principle of rate charging in the United States—approved by our State Regulating Commissions—is to make each group of consumers self-sustaining and to make each pay for the cost of the service they are receiving. One group is not carried at the expense of some other group.

The Ontario method is diametrically opposite. Here the short-hour domestic consumer is arbitrarily and without regard to the cost situation given a lower rate than the cost situation would warrant. The loss is then made up by other consumers.

One factor which plays a big part in the contrasting systems on the two sides of the river is taxation. The government-owned hydro-electric system in Ontario, which supplies 79 per cent of the service, isn't taxed; and this,

it is plain, of course, makes for lower rates. It is equally plain that any apparent gain to the user of electricity must be offset by the loss to the tax districts in which the property is located.

The private property of the Canadian Niagara Falls Company at Niagara Falls pays local taxes in Stamford Township equivalent to 76 cents per horsepower of capacity. If this same rate were paid by the 660,000 horsepower government-owned equipment located almost entirely in Stamford Township, it would produce local taxes of \$501,600.

The total annual taxes levied by Stamford Township are \$252,000.

The privately owned plants at Niagara Falls on the Canadian and United States sides in 1923, with an income of \$7,121,928, paid taxes aggregating \$1,392,000.

For the entire United States about 10 per cent of the dollar the public pays for electric service goes for taxes.

In another way the Ontario system is diametrically opposite to that in the United States. In Ontario there is an explicit intention to subsidize the farmer by helping him to cheaper electricity. In Ontario the Rural Hydro-Electric Distribution Act of 1923 says that "50 per cent of the capital cost of constructing and erecting transmission lines and cables in rural power districts" may be paid out of the Province treasury. This is, of course, subsidizing the rural districts at the expense of the public. The Ontario treasury in the years 1923 and 1924 contributed for this special class of service \$1,194,422.

Paid by Public Funds

IN ADDITION to this subsidizing of the rural user, the Hydro-Electric Commission in the past has spent a large amount of money in giving engineering assistance, preparing estimates, making general surveys and rendering electrical inspection service to various municipalities. This has all been paid directly out of the Province treasury and in no way charged against the government-owned operations. The amount thus contributed by the Province from 1911 to date is \$2,245,900.

A point in which Ontario and the United States radically differ is in financing of the projects and provisions for the future. Many of the bonds on Ontario's government-owned power property run for a longer period than the life of the property purchased with the money derived from the sale of bonds. In other cases the government has deferred from 5 to 15 years the beginning of contribution to the sinking fund necessary to retire the bonds ultimately. This places on a future group of consumers the burden of returning the money used by the consumers of today.

It is plain that if money to retire the bonds is not being provided now in the rates currently charged for electric service, it must in the end come out of the Province—and that means out of the Province taxpayers—for payment of the bonds has been guaranteed by the

Province of Ontario. Let us look a little more closely at the way in which Ontario has built up the finances of its government-owned hydro-electric system. The town distributing plants are owned by the local municipalities. Up to that point the Province has financed the work by two classes of securities:

1. Bonds handled by the Hydro-Electric Power Commission.
2. Bonds issued directly by the Province of Ontario and the proceeds of the bond sales turned over to the Hydro-Electric Power Commission.

Both classes, however, are guaranteed by the Province of Ontario, and the Province is ultimately liable for the interest and sinking fund to retire the bonds.

The bonds in the first class amounted on October 31 of last year to \$41,768,523. These range in life from ten to forty years. Assume that the consumers of electricity should have been charged a rate sufficient to provide an annual sinking-fund allowance out of which the bonds when they matured might be retired, and that such a fund should be on a 4 per cent basis compounded annually; then there should have been at the end of 1924 a sinking fund of \$9,579,107. The fact is that the accumulated sinking fund actually paid out of rates charged to electric consumers up to October 31, 1924, was \$1,829,461, a shortage of \$7,749,646.

In the second class of financing are the direct advances to the Hydro-Electric Commission out of the Province treasury amounting on October 31, 1924, to \$138,454,638.

This money is supposed to be returned at the end of thirty years. There ought to have been piled up by the end of last year out of electric earnings a sinking fund of \$11,859,541 computing at 4 per cent compounded annually. The amount actually paid out of electric rates was \$3,902,495, a shortage of \$7,957,046. Let us sum the figures thus far presented:

The money that has been taken out



of the Province treasury instead of out of earnings is:

1. Subsidizing rural lines.....	\$1,194,422
2. General expenses.....	2,245,900

The accrued deficits in sinking fund that have not been met out of earnings are:

3. Hydro-Electric Commission bonds.....	7,749,646
4. From money borrowings out of the Province treasury...	7,957,046
	<hr/> \$19,147,014

In effect, then, the users of electricity from Ontario's government-owned hydro-electric system have failed to pay by some \$19,000,000 the cost of the services they received if we include in that term cost, routine expenses, provision for repaying the money borrowed or the replacement of equipment and the interest charged on the borrowed money.

Ontario must, it seems, do one of two things:

Pay the losses out of the Province treasury—in other words, shift the burden to the taxpayers and let them pay for below-cost electric service. It might, perhaps, be argued that this is only taking money from one pocket and putting it in another; but unfortunately, the two pockets might not always belong to the same person; and A might be taxed unfairly to give B cheap electricity.

Increase electric rates markedly, so that electric users may pay enough to wipe out deficits and make the enterprise self-sustaining for the future.

The great public ownership enterprise of the Hydro-Electric Power Commission in Ontario was made possible by a cry for power at cost. But when we undertake to furnish power at cost, we ought also to ask, "Who pays the cost?" Is every consumer who uses the service paying his share, or are we burdening one part of the community for the benefit of another?

The trend in Ontario is made plain by this fact: Out of 8,390 users of power furnished

by the Hydro-Electric Power Commission, 5,580—just about two-thirds—had to face in 1923 an increase in rates.

It is true, then, domestic users of electricity in Ontario get current cheaper than in the United States, but it should be understood that they get it for these reasons:

That Ontario does not fairly face its cost situation or follow a policy of making every group of consumers pay for what it gets.

That, as a matter of operating policy, domestic consumers in Ontario get lower-than-cost rates because their votes are needed to make possible further bond issues for needed extensions and improvements.

That the industrial rate is higher than it would be if the domestic rate were on a true cost basis.

That tax exemption on government property helps to make lower rates possible. This fictitious saving is bound to be reflected not only in the taxes of property owners, but in the rents and other living costs of those who do not pay direct taxes.

What Price Demagoguery?

Before Election the Politician Told the Grain Grower that "Wall Street" Had Raised Prices. Thousands Rushed Their Wheat to Market and Lost Profits

By JULIUS H. BARNES

THE AMERICAN grain raiser, from March 31 to December 31, has seen his wheat go up 70 cents; his corn, 50 cents; his oats, 15 cents; and his rye, 83 cents.

Two months before election Senator Shipstead of Minnesota told the farmers that "a small group of financiers" had inflated prices "to fool the farmer."

How many farmers rushed grain to market that they in turn might fool the financiers? How many millions were lost to the farmer? Did the prices decline after the election?

Let us go back over dates, facts and figures. An interesting chronology would run something like this:

MARCH 31, 1924:

The Chamber of Commerce of the United States left with the President of the United States a program of ten items—given here later in detail—which, in business judgment, would tend to strengthen the position of agriculture, then in distress.

Value of standard grain in Chicago on that date:

No. 2 wheat.....	\$1.03
No. 2 corn.....	.79
No. 2 oats.....	.47
No. 2 rye.....	.66

JUNE 3, 1924:

The House of Representatives finally rejected the so-called McNary-Haugen bill, which would have brought about the embarking of the Government on a program of buying and selling commodities and operating trade facilities. The Chamber consistently opposed this plan, and, we believe, by both accurate fact-statement and restrained logic, showing its probable collapse and failure, as well as its violation of the spirit of private enterprise which is the true foundation of America's development, our organization successfully contributed to this most fortunate outcome—the refusal to enact into the law of the country the McNary-Haugen measure.

HERE is a concrete example of what the suggestions and advice of political demagogues may cost an industry:

In the Presidential campaign, speakers of the Farmer-Labor Party toured the grain-growing states and told the farmer day after day that the steadily advancing prices of wheat and corn and oats were due only to the preelection manipulation of Wall Street.

"The prices of your farm products are better than they were, it is true," they told their listeners. "But this is nothing more than a dodge of the money powers to push up the quotations, make you men and women feel that your good times have returned, and get your votes for their candidates; and the day after election you and the price of grain will be right back where you were, or worse."

Thousands of the grain growers believed them, rushed their wheat to market, feeling they had better take advantage of the twenty- or thirty-cent rise than to risk the post-election slump predicted by their political advisers.

Listening to demagoguery cost those farmers hundreds of millions of dollars.

Mr. Barnes, in an article, gives the cold statistics and chronology of this incident in American politics and industry.—THE EDITOR.

Value of standard grain in Chicago on that date:

No. 2 wheat.....	\$1.03
No. 2 corn.....	.77
No. 2 oats.....	.48
No. 2 rye.....	.68

SEPTEMBER 11, 1924:

The La Follette-Wheeler headquarters in Washington gave out a statement by Senator

Shipstead, of Minnesota, in which the Farmer-Labor Senator charged that "a small group of financiers in control of the farm-products market have inflated prices during the past two months in an attempt to fool the farmer into believing that prosperity is at hand." "However," he declared, "the farmer can't be fooled." "The farmer," he said, "is solidly for La Follette and Wheeler because he knows they alone are willing to break up the ring which controls the price of his output. The sugar-coated trick now being worked by the market grabbers won't work with the farmer this year."

Even at that time the most casual study of the world wheat situation indicated very disappointing crops in Europe, and evidence of almost a crop disaster in Canada, even though the American wheat crop, south of the boundary, was turning out better than expected. This political prophecy which pronounced the farmer solidly for La Follette and Wheeler was only exceeded in its error by the analysis of the reasons for the advancing prices in grain.

Value of standard grain in Chicago on that date:

No. 2 wheat.....	\$1.27
No. 2 corn.....	1.22
No. 2 oats.....	.50
No. 2 rye.....	.94

NOVEMBER 3, 1924:

This, the day before election, was the last day necessary for the "small group of financiers" to inflate prices, before the vote next day. On this eve the stage was supposed to be set for the promised

lowering of prices. It looks now as if on millions of farms the evening was spent in changing the oil in the crank cases of the motor cars in order that the farmer and his wife, along with the city folks, could express their judgment the next day on the mature political and economic views presented by Senator Shipstead and associates. The

value of standard grain in Chicago on that date:

No. 2 wheat.....	\$1.38
No. 2 corn.....	1.05
No. 2 oats.....	.47
No. 2 rye.....	1.15

DECEMBER 31, 1924:

Inventory date. Did the collapse of prices arrive on schedule after the election necessity was over?

Value of standard grain in Chicago on that date:

No. 2 wheat.....	\$1.75
No. 2 corn.....	1.30
No. 2 oats.....	.62
No. 2 rye.....	1.49

Did the farmer hurry his crop to market before election day? Well, let's see!

The standard primary markets received on this year's crop, up to election day, approximately 310 million bushels, against 190 million bushels a year ago. That is, with a crop about ten per cent larger than a year ago, the indication of his marketings exceeded those of a year ago by sixty per cent. Orderly marketing, not hurried by demagoguery, might have held back 100 million bushels more on the farm to share in the 40-cent advance between election day and the end of the year. That extra income would have come in mighty handy to most of the farmers who had been frightened into selling their wheat while the "small group of financiers" still held the prices up. Moreover, the very weight of this abnormal wheat movement undoubtedly held the price level lower than it would otherwise have ruled. Undoubtedly as well, this enormous wheat movement, filling elevators and warehouses, congesting railroads while it lasted, also exercised a sympathetic effect in holding down the prices of other grains. Manifestly, that advice of the vote-seeking politician cost the grain raisers of America many millions of dollars. This is a reasonable deduction from the price scale, which is a matter of record, and the statistics of abnormal farm marketings which are also matters of record.

But now, as business men, realizing the interest of all business and industry in a prosperous agriculture,

we have a right to see what the non-spectacular program of common sense steps, outlined in the program discussed with President Coolidge, may reasonably be rated to have done toward aiding the rehabilitation of agriculture. The ten steps outlined in that constructive program, and the current comment on the record written in the last nine months, will really arouse a feeling of rightful pride.

Sane Plan Is Justified

THE CHAMBER OF COMMERCE of the United States cannot claim that all of the items in its suggested program of agricultural rehabilitation originated with the Chamber. Some of these efforts were even at that time under way. Much of the progress made is due to the vision and energy, guided by sound judgment, of the national Administration. But great encouragement rests in the fact that business judgment suggested or approved steps, partly official, and partly private, all of which have justified themselves marvelously in the outcome of a few short months. Congress also deserves commendation for the rejection of the economic fallacy incorporated in the McNary-Haugen bill, which, if enacted would today be a stone around the neck of struggling agriculture, with a disastrous precedent written on the statute books, one which in the future would plague the farmer.

The program of March 31st, presented to the President as the approved judgment of organized business and offered as most likely to effect remedies for the existing agricultural distress, comprised ten points, as follows:

1. Preserve and Develop American Home Markets

On this new year, the present increasing activity and enlarging employment in industry is witness that national policies have tended to preserve and develop the American home buying power, the great reliance of the farm. The confidence today with which industry faces the future and plans expansion rests primarily on the National Administration's recognition of the demoralizing influence of excessive and unwise taxation, and on the voter's decisive rejection of the principle of government ownership and operation in industry.

2. Restoration of European Buying Power

The success of the National Administration in securing an acceptance of a business-commission plan

for restoring in Europe the conditions under which peaceful industry might function; and the marvelous financial and economic stability which has followed the formulation of the expert Dawes Plan, has written a new chapter of encouragement for security and progress by teamwork between government and business. Organized business played its part in forming at home and abroad the public sentiment which finally demanded that questions economic in character should be resolved by business ability rather than by political consideration. The National Chamber has a right to a peculiar pride in that, of the three distinguished Americans who helped devise the greatest financial reconstruction plan in history, two are Directors in the National Chamber. The financial and commercial stability which followed made the buying power of short crops in Europe effective across three thousand miles of ocean, and assisted in the reconstruction of American farm prosperity.

3. Leveling of Price Bases of Competitive Growers of Other Countries

Depreciated currencies always inject an element of unfair competition because of the local tradition of value inherent in the name of a money denomination. When this item was suggested to the Administration, the gold value of the Argentine peso was 34c, and at the end of the year it was 40c, almost a gold parity. One by one, many of the depreciated currency countries of the world have rejoined the stable gold standard held almost singly for many months by the United States. With that reestablishment of financial parity has receded unfair competition for our growers inherent in a deceptive money return, such as the Argentine competition possessed nine months ago. Here again the sound financial policies of the National Administration, the Federal Reserve System and the banks of America are eliminating the hazards of fluctuating foreign currencies. International trade is not only facilitated, but unusual hazards of these market channels are eliminated.

4. Encouragement of Future Trading on Exchanges

There should never again be any doubt as to the protection to the American farm by



Charles Dunn

future trading in commodities. The hazards of price fluctuations are minimized, credits for ready purchase from the farm are facilitated by the security which exchange trading alone provides; and speculative and investment sentiment is readily made effective in protection against declining prices at the time of great marketing movements.

5. St. Lawrence Waterway

This great transportation economy, reflecting particularly into farm prices, is now in process of study and discussion for joint development with our northern neighbor.

6. Diversification of Crops in Low Yield Areas of Single Crop

The distress area of America centered largely in North Dakota and the North Dakota Agricultural College have shown recently the steady elimination of single crop reliance. This diversification has been strongly encouraged by the Ten Million Dollar Agricultural Credits Corporation, whose capital was subscribed by American business, and whose operations were directed by American business men. Crop diversification, which includes rotation that restores soil fertility, is making progress, and the farm returns of North Dakota, which this year are reasonably double those of last year, owe something to this soundly-based farm policy, encouraged in so practical a manner by business men.

7. To Improve the Practical Service of the Department of Agriculture

Here is a continuing Administrative responsibility with the personnel of 35,000 employees. It is in intimate relation with an industry which it can aid readily with constructive suggestion and guidance.

8. Relief in Farm Taxes

Steady progress in National economy and steady reduction in National taxes point the way, which, if followed similarly by state, county, and municipal authorities, can lighten substantially the still heavy burden on the farm.

9. Relative Freight Rates

The Annual Convention of the National Chamber approved the conclusions of the Transportation Conference, that there should be a study by existing administrative agencies of such logical readjustment of relative freight rates as might be made without general reduction of railroad revenues, on which the maintenance of service depends. This study is under way.

10. To Assist Farm Cooperative Organizations

The program suggested a study, enlisting farm representatives as well as the business facilities affected, so that a recommended program should be the result of actual experience applied to the problem. Much can be soundly done to improve marketing methods and effect marketing economies, without a resort to a so-called cooperative organization which contemplates pledged monopoly control of food necessities, or government aid to displace the tried facilities of private enterprise. The agricultural rehabilitation is typified today by price advances in nine months in standard grains, as follows:

No. 2 wheat—from	\$1.03 to \$1.75
No. 2 corn —from	.79 to 1.30
No. 2 oats —from	.47 to .62
No. 2 rye —from	.66 to 1.49

It is proper now to ask who, in this period

of rehabilitation, have proved to be the real and effective friends of the farm.

Is it the political leader who assumes the title of Farmer-Labor champion and advises farmers to over-market their wheat at \$1.30; wheat which in less than sixty days had advanced the equivalent of four hundred million dollars increase on the wheat crop of this country?

Is that type a safe farm leader, whether that utterance was inspired by the desire to turn to political advantage deliberate misrepresentation of a situation, or by the mental lethargy which discarded as of small importance the evidence on September 11th, that successive crop disappointments promised a world yield of three hundred to four hundred million bushels less than last year's normal crop?

Is there not a place in farmer appreciation, rather for the established grain trade that at considerable cost collects worldwide information of crop progress, and which had freely published in many forms the information of crop deterioration in many countries which

farm judgment was perfectly competent to translate into a prospect of better prices?

Is there not also a place properly in farm appreciation for that business judgment, developed in the school of hard competition, which could construct a program of slower but surer steps in the relief of relative distress?

May we not hope that a large section of the agricultural community today must realize that organized business may be sympathetic, and fair, and not entirely selfish. Surely the day has come when farm intelligence will distrust vociferous self-claimants of the monopoly of farm leadership, and when service to the farm will be tested by results, not by the megaphone.

Read the chronology once more. It is a striking record of speedy rehabilitation of a distressed agriculture. Fix it in your mind, for this is a record of honorable aid by devoted National Administration and intelligent business leadership, assisted by the chapter of accidents which always help economic law to come into proper play.

A Conference on Distribution

JUST ABOUT as the last pages of this magazine go to the printer and some days before you get your copy, the United States Chamber of Commerce will hold a conference on distribution. The dates are January 14 and 15, and the place, the Chamber's new building. More than 150 business men will attend. They represent all the steps along the distribution road—the manufacturer, the wholesaler, the retailer, the carrier and the consumer, who, after all, is everybody.

President Grant, of the Chamber, will preside; and Theodore F. Whitmarsh, of the Distribution Committee, will be vice-chairman. President Coolidge may be there; Secretary Hoover certainly will. General Carty, of the American Telephone & Telegraph Company, and Sydney Anderson, whose report as chairman of the Joint Commission of Agricultural Inquiry is a milestone in the study of distribution, will speak. But this is not to be a conference of set speeches. It's more of an old-fashioned New England town meeting, with most of the talking done as the subject develops.

Here are some lines along which it is thought that the conference will take the opening steps:

1. Collection of Business Figures as a means toward accomplishing economies in distribution.

a. Periodical comparisons of:

(1) Quantities of certain commodities produced and on hand.

(2) Prices of the same commodities at wholesale and at retail.

b. Census of distributors substantially like the census of manufacturers now conducted by the Department of Commerce.

2. Trade Relations—

a. Methods for reducing the losses due to cancellations of orders.

b. Ways in which better credit practices may be established.

c. Promotion of the highest ethical standards.

d. Practical means toward the investigation of complaints, the conciliation of disputants and the arbitration of claims.

3. Advertising and Advertising Mediums—

a. Coordination of research.

b. Methods for arriving at the economic aspect of advertising.

c. Services of advertising in the efficient distribution of merchandise.

4. Expenses of Doing Business—

a. Services—to determine as nearly as possi-

ble those which contribute to the facility of distribution.

b. Adoption of uniform systems in recording the costs of doing business to serve as comparisons for distributors in studying their own costs.

c. Principles upon which credit should be based and its relation to "good" and "bad" times.

d. Methods for arriving at the most economical rates of turnover and their effect upon expenses.

e. Simplification in its relation to the number of varieties, styles, and sizes and to "hand-to-mouth" buying.

5. Methods of Distribution—

a. Causes for various channels, such as manufacturer to wholesaler to retailer to consumer.

b. Mail orders and house-to-house methods of sales and the economic results thereof.

c. Chain stores and independent dealers.

d. Warehousing and its place in distribution.

6. General Conditions Affecting Distribution—

a. Legislation favorable and unfavorable to the most efficient distribution.

b. Government relations to distribution and the aid which the various departments and bureaus may give in the collection of facts and figures.

c. Methods for giving a wider understanding of the necessary expenses attending distribution and the reasons for certain practices.

Here picked at random from the long list of those who accepted invitations are twelve names:

Gabriel S. Brown, president, Alpha Portland Cement Company.

Paul T. Cherington, J. Walter Thompson Company.

Edward A. Filene, president, Wm. Filene's Sons Company.

Ne'son B. Gaskill, Federal Trade Commission.

Anson B. Gardner, Westinghouse Electric & Manufacturing Company.

Low Hahn, secretary-manager, National Retail Dry Goods Association.

J. W. Hayes, Crowell Publishing Company.

Herbert M. Hess, professor of merchandising, Wharton School of Finance, University of Pennsylvania.

John C. Letts, president, Sanitary Grocery Company.

R. J. Raney, Montgomery-Ward & Company.

Harry Dwight Smith, president, Fuller & Smith.

Harry R. Wellman, professor of marketing, Dartmouth College.

A conference of which this is a sample is worth knowing about, and the March NATION'S BUSINESS will have more to say about it.

A Silent Revolution On the Sea

By E. S. GREGG

Chief, Transportation Division, U. S.
Department of Commerce

IN THE DAYS when Great Britain and Germany were competing for the "blue ribbon" of the Atlantic and the *Kaiser Wilhelm II* and *Kronprinzessin Cecelie* and the *Lusitania* and *Mauretania* were racing madly back and forth between America and Europe, funnels came to be a mark of distinction. A vessel with only one smokestack was of the commonest sort, a tramp, whereas a ship with four funnels was a blue blood. Kipling says "The liner she's a lady" and in those days the leading "ladies" thought they were not well dressed unless they had several funnels.

This idea that smokestacks make a ship became imbedded in the minds of travelers and the four-stackers were looked upon as more desirable than the three-stackers and the two-stackers were scarcely in it. Of course, a ship does not need four funnels, it does not even need three. One of the three stacks of such ships as the *Leviathan* and *Majestic*, the largest in the world, is used for ventilation purposes.

Funnels Follow Into Discard

AND NOW funnels may pass out. If one watches the ships coming up New York harbor he is almost certain to see several with no smokestacks at all. "But what is done with the smoke?" you may ask. The answer is "There is none." The old steam engine with its plume of black vapor is being supplanted by the Diesel engine. In the seventies and eighties of the last century the sailing-vessel owner was continually bawling the lowness of ocean rates and the dwindling of profits. He did not see that a silent revolution was going on; that steel and steam were replacing wood and canvas.

Obscured by the gaudy and spectacular happenings of the last fifteen years, a similar revolution of technique has been under way. The days of the steamship seem numbered.

Whenever the subject of Diesel engines comes up in Congress, someone always wants to know if such an engine can burn either coal or oil. Briefly, the Diesel engine is an internal combustion engine. The steam engine gets its power from fuel burned under boilers. The internal combustion type gets its power from an explosion within its cylinders.

In our automobile engines the explosion is caused by an electric spark. The Diesel engine needs no spark. It is a principle of physics that heat is generated when air is compressed.



Roman Galley

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WILL THE motor ship, with its wind-driven cylinders, start a new era in ocean transportation? Wind is cheap, and if Herr Flettner can make it blow, less where it listeth and more as man wants it, we may send our cargoes over sea by these new sails.

But that's a revolution yet to come. Another has been going on silently around us. The motor ship with the Diesel engine has been overhauling the steam-driven boat, whether burning coal or oil. And with it comes a new opportunity, perhaps, for the United States again to take a commanding place in the world's shipping affairs.

The air in a cylinder of a Diesel engine is compressed to 500 pounds per square inch. This degree of compression causes the temperature within the cylinder to rise to around

1,000 degrees Fahrenheit. In fact the air within the cylinder is so hot that oil, when sprayed into the cylinder under high pressure (around 750 pounds per square inch), immediately ignites. This ignition, of course, produces more heat, i.e., expansion, and the power impulse is given to the piston.

The subject of Diesel propulsion for ships is on the front pages of our newspapers. Congress in its last session passed a bill authorizing the Shipping Board to spend \$25,000,000 in converting around 50 of its steamers to motorships. Bids have recently been received by the Shipping Board and contracts have been let for eighteen Diesel installations.

Another item of world-wide interest has been in the papers recently. Each year Lloyd's Register of Shipping gets out quarterly reports on shipbuilding in the world. Its report for the third quarter of this year showed that for the first time the work started on new motorships was greater than that started on new steamships. The Diesel engine is overhauling the steamer.

Hidden by Turmoil

THE United States Department of Commerce has issued a statement entitled "The Exporter and the Motor Ship" in which it says, "The spectacular happenings of the war and postwar periods have obscured a silent revolution in shipping, which has been going on in the last fifteen and especially in the last five years. The exporter has been so absorbed with the dramatic boom in 1919, the sudden collapse in 1920, and the slow and painful recovery of trade in the last four years that he has given little thought to the details of shipping—conscious only of competition and high expenses."

"He has even been inclined to say that the high ocean freight rates are keeping him out of desirable markets, when, as a matter of fact, the decline in ocean rates has been greater than



Caravel of the 13th-14th Centuries

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the decline in prices. Unseen, except by the careful observer, a force that should cause world trade to increase has been at work. This force is the motorship, which, by reducing the cost of carriage by sea, is stimulating overseas trade."

The term "motorship" has come to be associated with a vessel equipped with Diesel engine propulsion. The advantages of the motorship are fairly obvious. The engine-

been removed to make gasoline and the like.

This grade of oil, around 15 degrees Baumé, can be used in Diesel engines, but so many unburned elements remain that it is necessary to clean the cylinders frequently, an expensive process. Oil of from 24 to 28 degrees Baumé is ordinarily purchased for motorships. This higher grade of oil with a larger content of the higher distillates is obviously more expensive than straight fuel oil. Fuel oil for steamers is now selling for around \$1.60 a barrel; Diesel oil for \$2.10 a barrel.

The great saving in fuel bill for the motorship is still evident; oil for a motorship costs a third more per barrel than for a steamer, but the motorship uses only half as many barrels. On the basis of a comparison made last year, the daily fuel bill of a coal-burning steamer was \$385, of an oil-burning steamer of similar size, \$364, and of a motorship \$126.

From a broad economic point of view the motorship effects another saving. It is estimated that between 20,000,000 and 25,000,000 tons of coal are transported annually overseas to distant bunkering stations for

or over 13 per cent, when Diesel engines were substituted for steam engines. A steamer must be equipped not only with engines but with a large number of boilers which take up a great deal of space. The average revenue per ton of cargo recently carried by one of our large steamship companies over a period of three months was around \$7.

More Revenue Per Voyage

IN OTHER words, this motorship could receive \$5,600 more revenue per voyage than a steamer of the same size. Since a cargo ship in ordinary trades makes around 5 trips a year, this motorship would take \$28,000 more than a rival steamer. In addition to the direct saving of cargo space, should be mentioned the economy resulting from the use of the double bottom and ballast tanks for carrying oil for fuel. In steamers, this space is devoted to the carrying of non-paying ballast. When these factors are taken into account, the conclusion is reached that a motorship can carry from 10 to 15 per cent more cargo than a steamer of the same dimensions.

Because of the smaller fuel consumption of the motorship, bunkers of ordinary size last for a much longer trip and it is not necessary to bunker so frequently. A motorship can maintain a more constant performance than steamers. Motorship propellers do not "race" appreciably in bad weather. A Diesel engine is always ready to start, eliminating the 12 to 24 hours needed for a steamer to get up steam. The enforced stoppage of one or two cylinders does not disable the whole propelling plant. The reader will not be wearied with further details, enough having been given to show the economies of Diesel installations.

The Diesel engine is comparatively new. It was invented by Dr. Rudolf Diesel, a German engineer, who took out his first patents in Germany in 1893. He brought out his first successful engine in 1897 at the Augsburg Works and about 1900 his engines were placed on the market by the company formed by the inventor.



Clipper of 1860



The Leviathan

room staff is reduced by the elimination of stokers, so necessary on a steamship burning coal. Not only is this a saving in money for the shipowner, but in the larger aspect, a saving in human values—the passing of one of the severest physical tasks brought in by the adoption of machinery.

When the East Asiatic Company made the *Bandon* a motorship and renamed her the *Folkvard* the engine-room staff was reduced from thirteen to eight men. The *Annam*, a motorship of 9,300 deadweight tons, has an engine-room crew of thirteen as compared with twenty-one required for a steamship of similar size. It is apparent that the food bill of a ship is less as the size of the crew is diminished.

The fuel bill of a motorship is much less than that of a steamship with either coal or oil burned under boilers. In general .43 of a pound of fuel is required to produce one brake horse-power per hour in a Diesel engine, as compared with .90 of a pound for an oil-burning steamer and 1.25 for a coal burner. Stated another way, a motorship of average size will consume from 13 to 15 tons of fuel a day at sea as compared with around 30 tons for an oil-burning steamer.

Uses Higher Grade Oil

IT DOES not follow that the fuel bill of a motorship is not half that of an oil-burning steamer, because a higher grade of oil is used for Diesel engines. The oil burned under the boilers of the steamships is so thick and sticky that it has to be heated before it can be fed through the burners. Such fuel oil is usually the residuum left from crude oil after it has been "topped," that is, after the higher distillates have

the use of steamers. Since a motorship consumes only one-third the weight of fuel that a coal-burning steamer consumes, it is obvious that fewer ships will be required to act as servants for other ships. Stated another way, more ships will be available for the productive work of carrying cargo.

The motor ship has another advantage over the steamship. If it has to carry only half as much oil to go the same distance as a steamship, as a consequence it can carry more cargo. Or, to put the economy another way, the motorship can go twice as far as a steamship without stopping to take on fuel.

From another angle, the motorship can carry more cargo than a steamer of similar size. A good example of this saving is the case of the *Folkvard*. The cargo-carrying capacity of this ship was increased 800 tons.



The Motorship

The first uses of Diesel engines were on land for power stations and electric-light plants. It was not until 1910 that the Werkspoor Company of Amsterdam installed a Diesel engine in a small tanker for the trade in the Dutch East Indies. This vessel, now 14 years old, is still in service. The next year the Burmeister & Wain Company of Copenhagen placed a Diesel installation in a good-sized cargo boat, the first large motorship in the world. From that time the increase in motor-

ship tonnage has been remarkable, especially when it is remembered that during the war, construction was concentrated on approved types of steamships. In 1914, the motorship was still in an experimental stage. It was logical that all countries engaged in the war should not wish to waste time and effort on a type of ship which had not already demonstrated its worth.

By 1924, there were 953 full-powered motorships aggregating 1,655,000 gross tons and 997 sailing vessels, totalling 321,000 tons with Diesel engines to furnish auxiliary power. On September 30, 1924, work was under way on 940,000 gross tons of motorships, or 58 per cent of the amount of steam tonnage being built. At the beginning of 1923, motorship tonnage under construction was only 11 per cent of the total for steam tonnage. In addition, the steam engines are being taken out of many steamers to make way for motor installations.

Penetrates Passenger Field

THE most recent development in motorship construction is in the field of the large passenger ship. Heretofore, only cargo boats and small passenger-cargo ships have been equipped with Diesel engines; but in the past year two passenger ships, averaging around 20,000 gross tons each, have been ordered and are now nearly completed. Next spring the residents of New York are scheduled to see a magnificent new passenger ship coming up the harbor with no trail of smoke in the offing, the beginning of a new era in the Atlantic passenger traffic.

While the motorship is making rapid gains, all factors are not in its favor. In the first place, a motorship costs about 25 per cent more than a steamship of similar size. The depression in shipping is profound, and with few companies making more than operating expenses, only the courageous are willing to tie up a large amount of capital in a new motorship even if it is an efficient type.

In the second place, there is a remote fear in Europe that the supply of fuel oil in the world may be inadequate to meet the constantly increasing demand. Part of this fear may be due to the fact that shipowners are more familiar with coal; part of it may also be due to logic. It is indisputable that the output of the world's coal mines is more stable than the production of its oil wells. These disadvantages are slowing up the adoption of the motorship.

The steamship competes on fairly equal terms with the motorship on short routes and in nearby trades. On long runs such a large percentage of the steamer's space and carrying capacity, especially if it is coal-burning, must be taken up with fuel that revenue-paying cargo is crowded out. Furthermore, if large bunkers are not carried, frequent stops must be made by steamers for refueling purposes. In nearby trades, however, the steamer carries bunkers only in spaces where cargo could not profitably be carried and consequently is not at such a disadvantage in comparison with the motorship.

Some people fear that the widespread adoption of the motorship would lead to a shortage of oil. Sir Thomas Bell, the well-known British shipbuilder, recently disposed of this argument by pointing out that if the oil used by half the 17,000,000 tons of merchant ships fitted with oil-fired boilers were suitable for Diesel engines (a conservative assumption) 17,000,000 tons of motorship alone could be run with no greater drain on oil resources from this source than at present. In other words, 25,000,000 tons of ships could be run on what it now takes to run 17,000,000 tons.

Any prime mover which uses less fuel is in the nature of a conservator of fuel resources.

It is impossible to measure adequately the effect upon commerce of cheapened ocean transportation following the adoption of steel and steam to marine uses. Between 1872 and 1895, when the change from sailing vessels was going on most rapidly, ocean rates dropped nearly 75 per cent. In these years prices in general were declining, but this factor is unquestionably a small part of the explanation. Terminal facilities were being improved and better methods of handling cargo were coming into use.

Emphasizing these factors as much as one may, the advent of steam cheapened ocean transportation more than any other influence of the time. The enormous impulse which cheaper ocean rates had upon world commerce can readily be imagined. Many commodities, which had been luxurious because of dearth, soon became plentiful and cheap enough for general use. The food supply of Europe, which formerly came from the Baltic and Black Seas, began to come from North America, the Argentine, and Australia. British coal began to move to remote places in all the seas.

The economies of a motorship over a steamer are up to 25 per cent. The rapid increase of motorship tonnage is one reason why ocean rates today are around 105 per cent of 1913, while wholesale prices in general are around 150. In spite of the exhaustion of productive processes in several countries, it is not illogical to expect the influence of lowered ocean transportation costs resulting from the use of Diesel engines to act as a promoter of water-borne commerce.

The change to the motorship gives the American merchant marine a chance to come back. In the first place the biggest disadvantage placed upon shipping under the American flag is high labor costs. The Diesel engine, by decreasing the engine-room force, helps to eliminate this handicap. Working conditions in the engine-room of a motorship are far superior to those in a steamship. The temperature never rises so high. The air is cleaner. The work is less strenuous.

In other words, the chances of attracting native American labor to the sea are improved. With the total wage bill decreased, one of the extra expenses of the American shipowner over his foreign competitor is reduced.

The motorship, of course, will not automatically enable an American shipping company to compete on equal terms with its rivals, but it will certainly tend to reduce the margin of difference.

The second factor in our favor is abundant oil resources. Not only in this country, but in Mexico and the Northern Caribbean countries, our oil companies control large areas of productive land. The fear of an oil shortage for their ships is a real one among British shipping men; no such fear is current among our shipowners. The American merchant marine seems in a fair way to regain some of the advantages it lost to Great Britain when sails were replaced by steam, and wood by steel.

United States Stands Fourth

THE UNITED STATES stands fourth on the list of countries owning motorship tonnage, giving place to Great Britain, Sweden and Norway in the order named. The American-Hawaiian Steamship Company has two fine motorship freighters. The Ford Motor Company has recently built several special type ships equipped with Diesel engines. The Pacific Mail Steamship Company has three new passenger motorships to trade down the west coast of South America; the United Fruit Company has recently received delivery of several of the same kind of ships for its tropical trade.

Coincident with this interest of our shipowners, all the leading shipyards in this country have developed types of marine Diesel engines or are building them under license from European companies.

While indications are that the motorship will supplant the steamer, perhaps funnels are not *passé*. The headlines in a shipping publication recently announced "German Passenger Liner 'Rio Bravo' First Diesel-Driven Vessel with Two Stacks." Truly, "the liner she's a lady" who takes thought of her looks.

"Coal Balls" a Game Nature Plays

YOU ARE familiar with fishballs and snowballs—and highballs, and three balls, perhaps—but have you tried coal balls? They are the latest thing in this country, although to our shame be it said Europe has played with them since 1836.

Coal balls are neither a game nor a new form of fuel. They are not coal at all but lumps of limestone, quite old—several million years old—found in coal beds.

To us they are fascinating because their hearts are etched inside with beautiful traceries, flora—fossilized plants; to the coal man they are a joy forever for quite another reason—by the kind of vegetation engraved upon them, the prospector can tell what grade of coal he has found. The balls are a sort of brand, trade-mark, or rubber stamp, by which nature slyly publishes the age, social quality, and previous condition of servitude of the coal.

Dr. Adolph Noé, of the University of Chicago, by whose efforts information about American coal balls is being gathered, is reported to have said that fossil plants which are found in the coal fields are, as a rule, connected with definite seams, each seam having a flora of its own. The commercial value of coal depends upon its capacity for heat

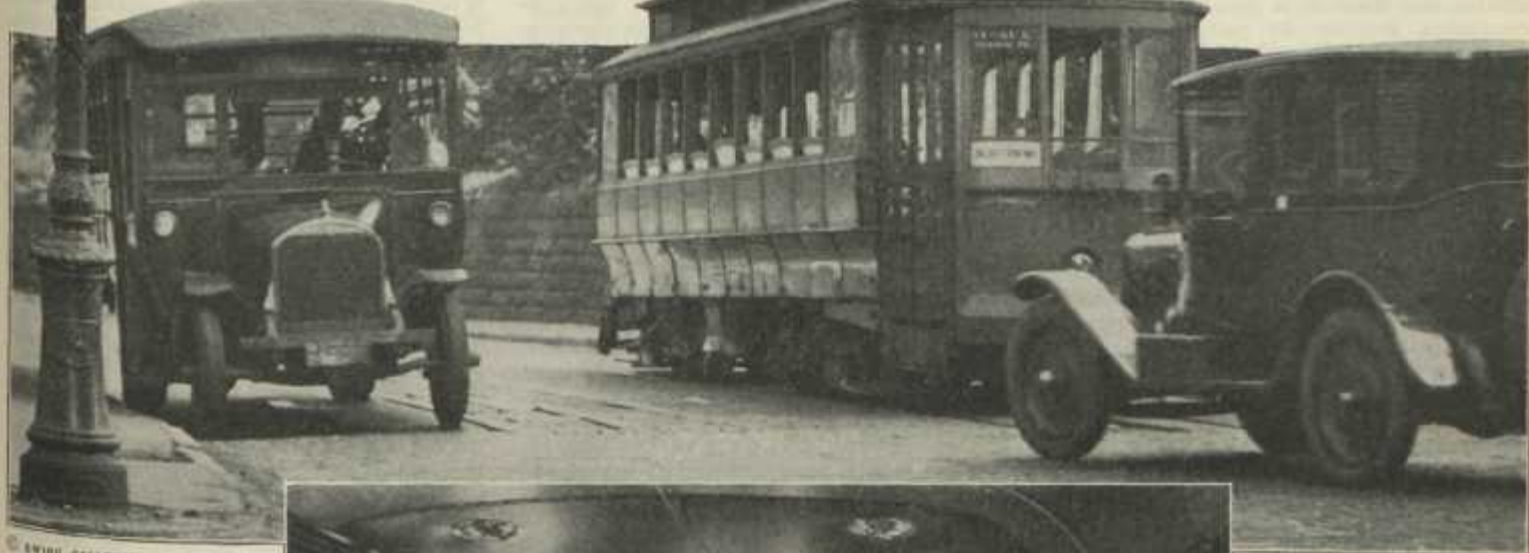
giving, measured by the weight of water which one pound of coal can convert into steam at 212° F. under atmospheric pressure. This calorificity varies from seam to seam, and it will be of immense importance to the prospector if he can recognize, by these little limestone fossil-containing nodules, the listed value of the deposit he has found. It is said that coal mines have been worked for years without the operators really knowing what beds they had.

The first ball was found by Dr. Noé in 1922, in Illinois. Subsequently he found others, among them one of importance to science rather than commerce. It contained a fossil dissimilar from any found before—a flowering plant, like our cornstalk. Heretofore they had all been lower vegetation forms—horsetails, club mosses, and so forth. It had been believed that flowering plants did not exist until well after the era when coal balls came into being. But now that theory was completely upset—if flowers existed in coal-ball time, then the lower forms, which precede the flowering type, must have developed a few million years earlier still. Thus our world's physical history is extended and our own conceptions expanded. The earth is older than we thought!

Who Shall Sell Bus Transportation?

By A. J. BROSSEAU

President, Mack Trucks, Inc.



Here we have the three means of street surface transportation: the street-car, the bus and the taxicab.



The bus is here to stay—that is certain. The question is: Shall the street-car company use it as a complement to its own lines or face a new competitor? Above we have a "private car" bus designed for business men. It contains chairs which are easily converted into sleeping berths, an ice refrigerating machine on the left and a radio loud speaker over the driver's seat.

THE BUS as a means of transportation is here to stay. That much is certain.

The question then is: Who shall deal in this form of transportation? Shall the street-car companies, who have been for years in the business of selling trolley transportation, handle the two—in other words, shall they add a new department to their store, or shall they, by refusing to sell bus transportation, force the public to set up a competitor?

The business of the street-railway companies is to sell transportation; and if they are to go ahead, they must sell the kind of transportation that people want. I have no belief that the growing popularity of the motor bus will drive the trolley car from our streets. I see no reason why they cannot go side by side, why the same company cannot sell transportation by bus to A and transportation by trolley to B. We do not expect A and B to wear the same clothes or eat the same food, yet they may buy their food and their clothing in the same stores.

I am convinced that the two products—carriage by bus and carriage by car—are different, but I am not convinced that they cannot be sold by the same concern. The bus is not necessarily a competitor of the trolley car. In fact, I am inclined to think that its real competitor is the privately owned automobile. There are, I am sure, plenty of men and women in every fair-sized community who would prefer the bus if it ran in the same street with the trolley and who would be willing to pay extra to get what they want.

The men who own and the men who oper-

ate the surface street-car lines are too apt to think of the bus as a straight-out competitor of the street car, and in that they are, I think, in error. I believe that the bus, provided it be comfortable, is as much, or more, the competitor of the private automobile as of the street car.

Difficulty in parking and congestion in streets are making many men unwilling to use their own cars for travel to and from their offices; and they would welcome the opportunity to use a bus if they could ride in comfort. In all communities there are many men and women who have acquired the habit of "riding on rubber" who will ride in a bus but not in a street car. What is more, they would not object to fares higher than those charged by street cars.

The street car is not going to disappear from our streets. I have no such vision as that. I do see an increase in busses and the need for their operation by the street-car com-

panies, in other words, by men skilled in the manufacture and sale of one commodity—transportation.

While, as I have said, the street railroad is not going to disappear, it is not going to multiply rapidly. Let me cite some figures:

Year	Track abandoned, miles	Track extensions, miles
1917 ..	120.07	376.70
1918 ..	531.92	313.82
1919 ..	402.25	140.57
1920 ..	538.12	176.56
1921 ..	311.24	147.10
1922 ..	340.33	211.38
1923 ..	193.44	233.15

Totals 2,637.37 1,599.28

Street railway men will tell you that most of the track abandonments have been of

lines that should never have been laid, tracks laid to please city governments, or because of real estate promotion; but the fact remains that street railways are not extending, although the number of car miles operated has increased, and some 2,000 busses have been added in the last half dozen years.

The financial factor makes plain the reasons for the slowing up of our street-railway building. It is quite generally known that the cost or valuation of existing trolley lines is often four, and sometimes five times the amount of annual gross revenue.

No one will deny that the capital invested in traction companies is entitled to a fair return. If the capital invested is four times as much as the annual gross income, and 6 per cent (surely little enough) is a fair return, we find that 24 per cent of annual gross income must be set aside to pay interest and dividends on invested capital. Out of the remainder must be paid taxes, which, I am informed, average

7 per cent of annual gross income—depreciation and maintenance and operating costs.

If this is the condition of existing lines, it is obvious that the traction companies cannot extend their tracks into new territory or engage in expensive reconstruction of tracks in thin-traffic territory.

The cost of the extension would be prohibitive and result in a loss to the traction companies, because the patrons cannot be expected to pay sufficiently high fares to cover interest on investment, taxes and operating costs. Even though the traction companies did extend their tracks into newly developed and thin-traffic territories, the lines would be far apart, and the service so infrequent as to cause dissatisfaction. And again, it has often happened that the trend of development has been away from trolley lines. What seemed a promising territory has turned out to be unprofitable. The trolley is there and cannot move. Such conditions as I have mentioned obtain to some extent, I believe, in nearly every city in this country.

The bus, on the other hand, will generally operate on an annual turnover—that is, the gross annual income is equal to the entire initial cost of installation.

Will Relieve Congestion, Too

THE WISE merchant is one who finds out what the customer wants and then figures how to supply his needs at the lowest cost consistent with quality of goods and a reasonable profit. The traction company which sells transportation wisely will have the same point of view and will find itself selling carriage by bus as part of its regular stock.

The unwise merchant of transportation is the traction company which either regards the bus as an unwelcome competitor or who adds bus service as a sort of unavoidable defense.

Nor is bus service suitable only as a means of extending street-car service into thinly populated territories. It can be made use of in congested districts and on the same streets, even, as the electric car.

Proof of that statement can be found in the experiment which has been interestingly and successfully tried in Rhode Island by the United Electric Railways of Providence. Their suburban traffic, especially out in the direction of Olneyville, had long been a source of friction and complaint. The passengers from outlying points complained of the delay in stopping for passengers in the more crowded districts in town. The in-town passengers said that all the seats were taken by the through passengers before they got a chance to board the cars.

A suggestion was made that passing tracks be built alongside existing tracks to permit the operation of express cars. The company felt that such a plan would entail expenses that would make profitable operation very doubtful. Moreover, there were serious operating difficulties in the way.

The company found its answer in the bus, and more than that, in a bus running on the same street as the trolley. The bus was used for local passengers and the trolley for the through, express service. Every precaution was taken to keep each class of traveler to his own vehicle, and the effort has been very successful from the standpoint of both the public and the traction company.

Speaking as an industrialist who has had the chance to analyze many business problems, I should say that the United Electric Railways qualifies as an able manufacturer and salesman of the commodity called transportation.

There is still another field for the bus. I

am told there are individual lines of many trolley companies that are unprofitable and promise to continue to be unprofitable. Such a situation existed at Everett, Wash. In order to avoid a paving expense of approximately \$400,000, the owners of the franchise elected to abandon the trolley and install busses. I understand the public is well served and satisfied, and the bus operation profitable to the owners of the transportation company.

Another instance of the tendency on the part of far-sighted operators to reduce capital expenditure:

In Allston, Mass., the Boston Elevated Railway replaced one of its single-track car lines with bus service because the city was about to repave the street, which would require a heavy expenditure for paving by the railway company. It replaced a car line in Malden with busses in order to avoid laying new tracks, the cost of which traffic did not justify. It later replaced its Highland Avenue car line in the same city in conformity with its announced policy to replace non-paying rail lines with motor-bus service whenever the plans of the city authorities require reconstruction of streets and tracks.

So far I have confined myself strictly to street-car territory—transportation within cities and towns.

There is another field in which the bus, while not in every instance competitive to the trolley, may well be considered.

I refer to the so-called interurban zone. It is in that field that the bus has had its greatest development. The reasons are obvious and need not be gone into in any great detail. It is only necessary to mention less capital requirement, flexibility, and the fact that it gives the rider the equivalent to individual motor-car transportation as nearly as can be done.

One of the most successful operations of this sort, from the standpoint of coordination of bus and trolley, is that of the Pennsylvania-Ohio Electric Company, Youngstown.

I understand the busses were put on, originally, as a defensive measure, to eliminate independent competition, but proved so satisfactory that they have been continued, and the operation extended.

Less Expensive and More Flexible

THE ANSWER, as I see it, in all such situations, is the bus. It can be installed at a fraction of the cost of the trolley. It is flexible. It is not tied to a track. It can cruise over a thinly settled territory and can accommodate itself to a peak-load demand.

Add to the reasons for the bus this fact: The public wants it. If anyone doubts that, let him see how quickly bus lines spring up where the trolley companies have refused to start them.

What, then, hinders the increased use by the trolley companies of the bus?

Is it the fear that the use of the bus will depreciate the value of the property which is pledged to the owners of the bonds and the stockholders?

Some electric operators, and others, seem to think so. Again, others insist that the electric trolley car is the only vehicle that should be used to transport passengers on our streets and highways.

It is my firm conviction that the bus, if given its proper place, will protect and safeguard, rather than destroy, the security back of the bonds and stock outstanding. Instead of imposing burdens on the riders and the public, it will benefit them to the extent that it reduces the amount of capital required to

provide adequate and satisfactory transportation facilities.

Let us analyze the problem item by item.

If the traction companies—

Adopt the policy of laying no more rails in new and thin-traffic territory and use the bus in all such operations, in place of the trolley, and when the cost of repairs and replacements is prohibitive, and as supplemental to the trolleys, in order to reduce congestion and to give the public a more satisfactory form of transportation—what will happen?

Equipment.—As the trolley cars wear out or must be repaired at a considerable expense, they can be discarded and replaced by the bus—those remaining used for mass transportation in congested districts where electric railway operators insist the trolley is more economical than the bus.

Power.—No street-car company will change its method of transportation overnight. As the demand for current to operate street cars decreases, a market can be found for power and light at a profit as great as, or greater than, is obtained on the current used in street-car operation.

Franchises.—As to franchises, I am sure that any student of public utility operations will agree with me that the value of a franchise is not based entirely on physical assets, but rather upon the good-will or earning-power of the business; and as to traction companies, this means the opportunity to secure the monopoly of all forms of transportation.

Bus Will Satisfy the Public

GOOD-WILL does not exist if the company does not provide the service the public wants. Unless that service is given, no investor acquainted with the facts will buy bonds or stocks whose value is predicated upon the value of the franchise. The traction company may retain the franchise, but it will not keep out competition.

If these arguments do not dispose of the objections to the adoption of the bus, what are the reasons that have caused many trolley companies to hesitate to go into the business of selling transportation, instead of selling only street-car service? Perhaps the answer is contained in a report by one of the committees of the American Electric Railway Association which had asked several companies why they had gone into the bus business.

Some of the reasons are significant—"compelled by prohibitive cost of new paving"; "confronted with serious competition from busses"; "demand of public authorities."

It seems to me this is another way of saying, "We were forced," because public utility commissions, backed by public opinion, are granting franchises for bus operations—whether to the traction companies or to independent operators.

The experience of the Public Service Corporation of New Jersey illustrates what I have in mind.

Because of conditions and circumstances which made it difficult, if not impossible, for that corporation to install busses at the time the demand developed, jitney cars, makeshift busses, and finally high-grade modern busses, were installed in large numbers by independent operators.

Many of these busses paralleled the trolleys; others established routes on streets where trolleys did not run and extended their service into territories beyond railheads.

The bus service, while not wholly competitive, nevertheless materially reduced the income of the trolleys.

When the management finally realized that there was a widespread demand for busses, it very wisely decided to give the public such

transportation as it wanted—trolleys, busses, or both.

In my opinion, the policy adopted by the Public Service Corporation and by many others as well, will (if accepted by the industry generally) put mass transportation, both urban and interurban, on a sound financial basis.

Such a policy will create good-will and confidence on the part of the public. It will protect the capital invested in the business. It will insure a fair return on the capital invested in the business. And it will bring about cooperation between the utility and its patrons.

Do not think because I am laying stress on the public demand for a more complete trans-

portation system that I see the motor bus taking the place of the electric trolley car. What I have in mind is the use of each form of transportation in its place and in the way which best suits the public's convenience and necessity.

There may be routes where busses should be ruled out entirely, and the field left to the electric trolley. There are others, such as the Providence and Youngstown operations, where bus and trolley may operate on the same street, the bus taking care of the local traffic and the trolley operating as an express, or vice versa. There may be other routes where, at a higher rate of fare, the bus will offer de luxe service, with comfortable seats for all riders, on a fast schedule. In still other in-

stances the bus may act as a feeder to the electric lines, in territory beyond railheads where cost of extensions would be prohibitive.

I believe the bus should be regulated as any other public utility. I do not think it should be relieved of taxation because it is a new agency. All agencies of transportation should contribute to the cost of government, as in California, where busses are taxed on their gross earnings, as the railroads and trolleys are taxed.

I do not ask for special favors for the bus. It will rise or fall on its own merits and not because of special privilege. It should be granted no better and no worse treatment than is accorded to other forms of transportation.

One Delivery Wagon Instead of Six

By R. G. FARAGHER

"WHEN CAN you deliver these?" Mrs. H. Lorimer Walton, of Los Angeles, asked of Wetherby Kayser's shoe salesman after she had made her selection.

"They'll be sent out this afternoon," the young man promised her.

With this assurance she left the store to continue her morning shopping at Blackstone's, a Los Angeles department store, where she made the same request for afternoon deliveries. Then she visited Collins' Millinery shop, Wright, Campbell & Ginder's jewelry store, Halbritter's men's clothing house, and the Moss glove shop. At each she asked that her purchases be sent out that afternoon.

Did six different delivery wagons call at Mrs. Walton's residence with these parcels, each following in the tracks of the other?

One Man Does the Job

NO, INDEED. Instead, at 3:45 that afternoon, a neatly uniformed driver stepped out of a smart-looking delivery car in front of her home, and delivered all six of Mrs. Walton's purchases at the same time. Upon the sides of this vehicle were printed the words, in small Old English letters, "United Parcel Service."

More than 800 retail and wholesale merchants in Los Angeles, Long Beach, and Oakland, California, and Seattle, Washington, are saving annually from a few hundred dollars up to \$40,000 each by having their entire deliveries handled by the United Parcel Service, a centralized delivery system operating in those four Pacific Coast cities.

The common percentage of cost for a department store operating its own delivery system is authoritatively put at 1.5 per cent of net sales, according to a pamphlet on "Economies in Central Delivery Systems," issued by the Chamber of Commerce of the United States. Not a single department store using the United Parcel Service is spending more than 1 per cent of net sales, and some of them are considerably under that percentage; in some cases as low as one-third of 1 per cent.

The success of the centralized delivery system, as operated by United Parcel Service, is summed up by J. E. Casey, its president, as due to a policy of "Exceptional Service, Regardless of Cost."

"We have preferred to do one thing well rather than to serve the whole world," Mr. Casey says. "We have often had calls from individuals to deliver trunks, furniture, or other bulky objects, but we have consistently refused to handle them, even when our equipment was not running at full capacity, because

it would have meant that our regular business of delivering parcels for merchants would to some extent have been interfered with."

Disasters to centralized delivery companies have been common, often because they were operated on a small scale by men who knew how to run a motor, but didn't know how to make out a cost sheet or handle an employee.

The United Parcel Service began its work by a survey of some 217 companies in 67 cities, of which only a few were operating successfully. Most of them kept no costs and few records of any kind and rarely charged off depreciation on their vehicles. When they solicited business they generally quoted 10 cents a package because that was an even number, and then furnished that much service, regardless of the needs of their customers. They continued in business until their vehicles were worn out, or until such hit or miss methods proved their undoing.

These failures proved to be the greatest obstacle the United Parcel Service had to overcome in establishing its package delivery business. The objection was raised, especially by department stores, that the centralized delivery idea had been tried before and it had resulted in larger loss and damage claims, breakdowns, less frequent service, and even dishonest management.

A Steep-grade Climb

"SO IN order to break down this prejudice," Mr. Casey says, "and to establish an unassailable reputation for responsibility, our slogan from the first has been 'Exceptional Service, Regardless of Cost.' By specializing we have been able to furnish this exceptional service, even carrying it to extremes in many instances.

"We first established a twice-a-day delivery, where most merchants had but one. If a customer buys a new hat at 12.30 from one of the stores served by us, she will have it at her home that same afternoon, instead of having to wait, as in the case of many store deliveries, until the following day."

As J. H. Schmauss, general manager of Blackstone's department store, expresses it, "This more frequent service is of particular advantage because women are apt to change their minds when delivery is delayed, so that the more quickly the goods are delivered, the more certain it is that the sale is closed."

If for some unavoidable reason, a parcel does not go on the regular delivery for which it is intended, United Parcel Service

promptly dispatches it by special delivery, instead of waiting a few hours for the next scheduled departure. To cite a case of this kind which happened recently, it was found one day that a small package for San Pedro, 25 miles from Los Angeles, had missed the afternoon delivery. So in order to get this little one-pound parcel to its purchaser on time it was sent out by a special delivery car at a cost of \$4.85, although the company received only a few cents for its delivery.

Regardless of Cost

IT HAPPENED not so long ago that a certain customer was called out of town after he had ordered his parcels to be delivered the following morning. Upon advising the delivery company of this situation by telephone, the latter located the parcels and sent them out to him immediately by special delivery without extra charge.

Merchants also sometimes receive this special service, if they have especially urgent packages that have just missed the regular pick-up man. If the delivery company's superintendent is notified immediately, he sends another truck around, and the parcels reach the distributing plant in time for the scheduled delivery.

Another special service that merchants sometimes receive is the assistance of the delivery company in collecting checks for C. O. D.'s upon which payment has been refused. When instructed to take checks for C. O. D.'s, the delivery company is not responsible for their worth, but if they turn out worthless, the drivers often make repeated efforts to collect them.

"Many department stores objected to our taking over their deliveries because they said they would lose the personal touch they had with their customers through their own delivery men," Mr. Casey declares. "To overcome this objection our drivers act in accordance with these rules, taken from the drivers' rule book:

"52. When delivering a package remember that at that particular time you represent the store that sold the goods. You should, therefore, act as a first-class employee of that store would act if he were in your place.

"54. If the customer has a complaint to make or asks you to deliver a message to the store, put it in writing and turn it in to the office.

"55. Never argue with, or talk insolently to a customer even if you know you are right and the customer is wrong. Always say, 'Yes, ma'am' and 'Yes, sir.' Politeness is, above all things, the most essential in our business. Lack of courtesy cannot be excused.

"As an example of how personal a touch

a retail store actually does maintain with its customers through our men, women frequently request our drivers to take a sample of cloth to the store and bring back a specified number of yards of the material. These requests are always attended to most punctiliously.

Selective Employment

"IT CAN readily be seen that our success depended in a great measure upon the efficiency of our drivers. How could we get a group of men to measure up to the high standards of service which this company must stand for? What incentive must we give them?"

"When we first began business in Seattle we hired both a driver and his car, minus the body, by the week. We furnished the body, but out of his weekly wage the driver had to pay the operating expenses of his car. This arrangement did not prove satisfactory because it did not give us control of the delivery vehicle, it did not induce the men to deliver the maximum packages per day, nor were they imbued with the ideals of the company.

"This was strikingly apparent during the war when drivers' jobs were looking for the men, instead of the other way around, as it is in normal times. We took over all the drivers' vehicles, but continued to pay them on a weekly wage scale, paying the more efficient ones a higher rate than the others. But when the highest rate was reached,

'There was nothing more to work for,' as one of the men expressed it, and his interest and production slackened. If we fired him, there was another job just around the corner, and no one to take his place in our own organization, such was the scarcity of men.

"To have continued long under those conditions would have brought about the failure of the centralized delivery idea, for claims for damaged and lost parcels were on the increase, and frequent delays in the service were encountered.

"Our slogan, 'Exceptional Service, Regardless of Cost,' began to look like the choicest bit of sarcasm.

"From the time of earliest recorded history, what has influenced men to pursue a certain line of action, rather than another? We believe that more than any other factor has been reward for right conduct, and punishment for evil doing; praise for certain acts, and blame for others.

"It was clear to us that our labor policy was 50 per cent deficient because it had no 'kick' in it. It consisted almost entirely of reward, but contained little of penalty, so we evolved a system of rewards and penalties, or credits and debits, which is now in effect in Los Angeles, and with modifications, in our other plants. We believe this system can be applied in principle to almost any business, for human nature is everywhere the same.

"Our system accomplishes these five ends:

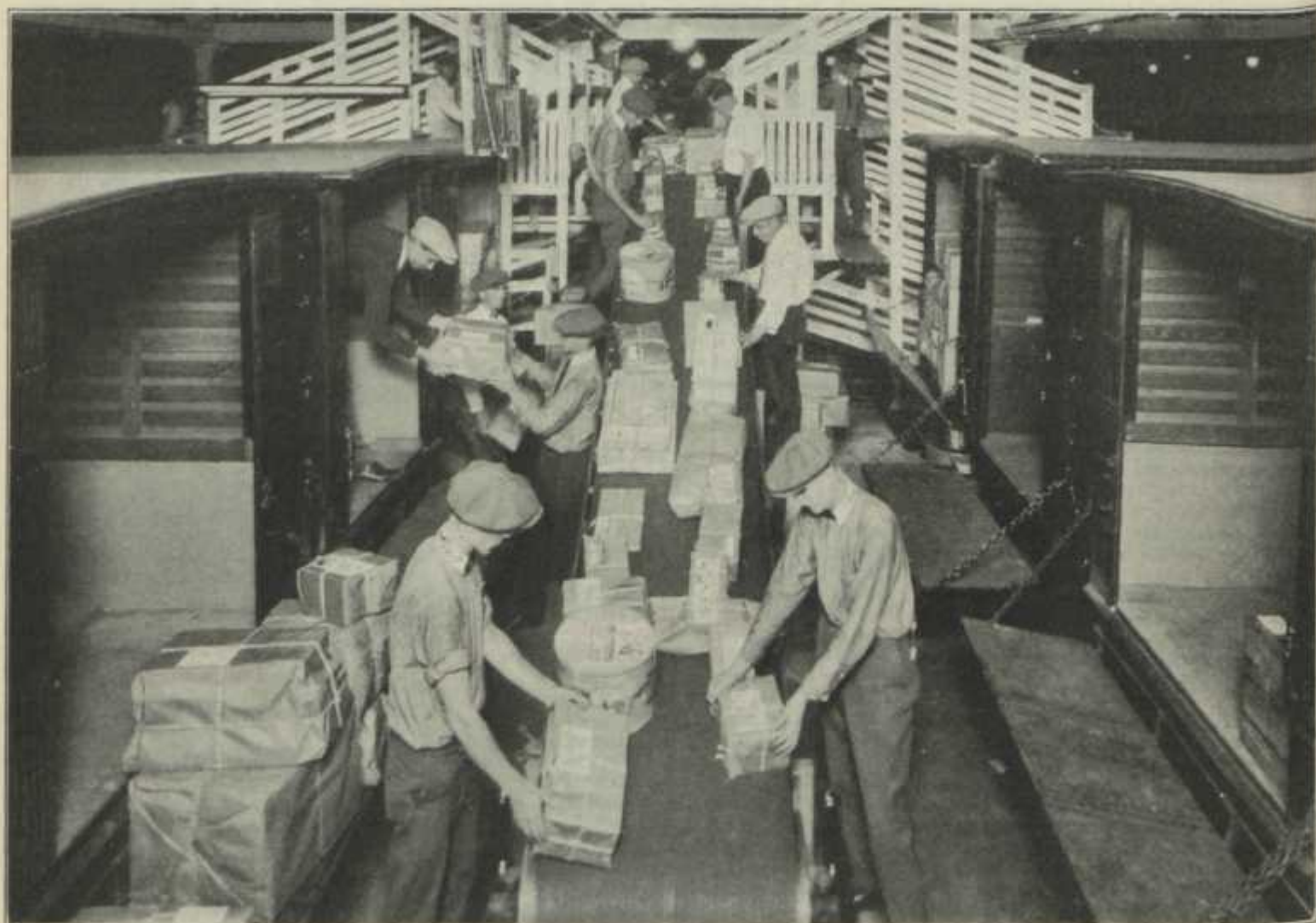
- "1. Increases individual production, or the number of packages each man delivers.
- "2. Increases drivers' earnings to approximately 20 per cent above prevailing scale.
- "3. Reduces overhead by increasing vehicle load efficiency.
- "4. Decreases truck operating costs.
- "5. Maintains highest type of service to patrons."

Errors Deducted from Pay

IN BRIEF, the system consists of credits for the total number of packages delivered during the month and debits for weekly pay received, cost of gasoline, oil, tires, repairs, and lost or damaged merchandise, and violations of rules. If, after the deductions, a credit balance remains, it is paid as a cash bonus on the tenth of the following month. A debit balance is carried forward to the next month. Regardless of whether the driver earns a bonus or not he always gets his minimum weekly wage.

Here are specimens of the deduction for losses and errors:

Rule No.	Deduction
3. Failure to notify office of inability to report for work.....	\$2.00
5. Failure to give notice on leaving our employ.....	all bonus
7. Smoking or chewing tobacco while driving a car or making pick-ups of deliveries.....	1.00
10. Use of profane or vulgar language....	1.00
13. Use of cars for any other purpose except business of the company.....	5.00



AD PHOTO SERVICE, LOS ANGELES

Do six delivery wagons call at Mrs. Walton's home following a morning at the stores? Not with the United Parcel Service, which carries the packages from the jeweler, the shoemaker, the clothier, the milliner, the glove shop and the department store all together. At the Los Angeles plant of the U. P. S. the packages are carried and sorted on the electrical conveyor belt shown above, to be loaded into the proper car for the proper territory—in almost a single operation. This service cuts delivery costs and insures satisfaction to the many hundreds of housewives over the city who are the body of the stores' regular patrons.

14. Failure to report accident with car...all bonus
 28. Complaint of delivery of package in poor condition (or any loss incurred if more than \$1.00)..... 1.00
 32. Leaving door without waiting a reasonable time for answer..... 50
 33. Leaving package that does not belong at address given (or any loss incurred if more than \$1.00)..... 1.00
 35. Carrying person on car without permission..... 10.00
 36. Failure to obtain signature on wholesale or valuable packages; or at stores, hotels, etc.....any loss incurred
 37. Failure to collect on C. O. D. packages.....any loss incurred
 39. Failure to make change when delivering C. O. D..... 1.00
 45. Arguing with customer or insolence...all bonus
 46. Failure to leave notice when customer is out..... 50
 57. Failure to leave notice if package is left next door or some place where it is not likely to be found..... 50

Losses due to careless driving (collision, etc.) are also charged against the bonus.

No deduction for errors is made from the credits of any driver who makes only one or two errors during the month for which the total deduction amounts to one dollar or less.

A driver always drives the same car, no one else being allowed to use it at any time. When the driver goes on his vacation the car is laid up in the shop for painting, or repairs.

"In every relation with men our attitude is that of giving them a square deal, without patronizing them," Mr. Casey says. "The United Parcel Service can only fulfill its motto, 'Exceptional Service, Regardless of Cost,' when every worker is cooperating, and we find that this cooperation is most easily obtained by an open, unselfish attitude toward them."

"If we were actuated by monetary gain alone we would probably not succeed, but we

believe that a large part of life's values consist of pleasant, everyday, human relationships."

Simplicity is the keynote of the delivery company's contract with the merchants, in which are enumerated the services which



United Parcel Service agrees to perform for the store. This contract has a minimum of legal phraseology, and tells what the delivery company will do, instead of what it will not do. Here, for example, is the way it handles C. O. D. packages and liabilities:

The Delivery Company collects C. O. D. bills on all packages which bear its C. O. D. tags showing the amounts to be collected and when such amounts are paid.

The Delivery Company is responsible for collections on C. O. D. packages, but if any uncollected C. O. D. is not reported to it within fifteen days after receipt it is assumed that the merchant has waived his right to reimbursement. Except when otherwise noted to the contrary

on its C. O. D. tags the Delivery Company accepts checks from customers in payment of C. O. D.'s. These checks are returned to the merchant together with the Delivery Company's own check for amounts collected in cash. All C. O. D.'s collected are listed in voucher form and are remitted to the merchant promptly.

The Delivery Company is responsible up to \$100 on any one parcel for loss of or damage to merchandise sent by regular delivery and up to \$500 when sent by special delivery. In case of loss the amount of payment to the merchant is the actual invoice cost price of the merchandise up to 80 per cent of the selling price. Unless loss or damage is reported within 60 days after receipt of the package it is assumed that the merchant has waived his right to reimbursement.

When asked whether his form of contract was legal or not, Mr. Casey replied, "It has never been tested out in court, and I don't believe it ever will be. In the case of any dispute concerning our service we take the attitude that the store and its customers are always right. That rule is inflexible."

In a company which handles many thousand packages a day, like United Parcel Service, 100 per cent perfection is impossible, but whenever any complaints are made they are attended to at once by telephone, letter, or personal call. At the time the complaint is received it is entered on a special complaint form, with details concerning its nature. The superintendent conducts a special investigation immediately, and enters his results, with the time, on the special form. If an employee is found to be at fault he is penalized by debiting his bonus. Periodically these complaints are classified to determine recurring causes.

Officers of the company often adjust these complaints by personal calls. Recently the vice-president drove to Pasadena, 15 miles from Los Angeles, in response to a complaint arising from a misunderstanding between a customer and a driver. By his personal influence the customer was placated, and at the same time became one of the best boosters of the centralized delivery service.

A Platform of Play

Adopted by the Playground and Recreation Association of America

FIRST.—In nearly every community with a population of 8,000 or more, there is need of a man or a woman who shall give full time to thinking, planning and working for the best possible use of the leisure hours of men, women and children.

2. Community leisure time programs should continue throughout the entire twelve months of the year.

3. It is the responsibility of the entire community to maintain recreation opportunities for all the citizens.

4. There should be in every state a home rule bill which will permit the people of any city or town to make provision under their local government for the administrations of their community recreation.

5. There is need in every community, even though the municipal recreation administrative body be most effective, for private organization of citizens in their neighborhoods to make the fullest use of the facilities provided.

6. The emphasis ought to be not only on maintaining certain activities on playgrounds and in recreation centers but also and definitely on the training of the entire people in leisure time activities.

7. The purpose in training children and young people in the right use of leisure ought

not to be merely to fill up the idle hours but also to create an active, energetic, happy citizenship.

8. Even though the beginning of a city or town recreation program be children's playgrounds, other features ought to be added progressively from year to year.

9. Every boy and every girl in America ought to be trained to know well a certain limited number of games for use outdoors and indoors.

10. Most boys and girls should be taught a few simple songs, so that, if they wish, they may sing as they work or play.

11. All employed boys and girls should have opportunity in their free hours to enjoy companionship and wholesome social life.

12. Through the community recreation program every boy and girl should come to appreciate the beautiful in life.

13. Adults, through music, drama, games, athletics, social activities, community and special day celebrations, should find in their common interests the opportunity for a community service to include the neighborhood.

14. Every new school built ought to have a certain minimum amount of space around it provided for the play of the children.

15. Nearly every new school building ought to have an auditorium preferably on the ground floor, suited for community uses.

16. If a suitable meeting place is not available, a building should be provided through community effort.

17. Each child, under ten years of age, living in a city or town, should be given an opportunity to play upon a public playground without going more than one-quarter mile from home.

18. Every community should provide space in sufficient area for the boys of the community to play baseball and football.

19. Every community should provide opportunity for the boys and girls to swim in summer and, as far as possible, to skate and coast in winter.

20. Every boy and every girl ought to have opportunity, either on his own home grounds or on land provided by the municipality, to have a small garden.

21. In new real estate developments of five acres or more, not less than one-tenth of the space should be set aside to be used for play just as part of the land is set aside for streets.

COALING a ship by labor is not waste where labor is cheaper than machinery and depends upon that work to keep body and soul together. Here we have scores of workers passing fuel in baskets from barges to the hold of the ship while on the opposite page is the modern way of "coaling" an oil-burner—a true economy where labor is high.



The Relativity of Waste

PART II

By ALFRED PEARCE DENNIS

Special European Representative, U. S. Department of Commerce

ABBREVIATION of time and effort—this is one of the key principles in our technique of mass-production. Another working principle is the avoidance of waste in material. The objective in the case of the shoemaker is to cut as many pieces of sole leather out of a tanned hide as the superficial area will permit. The utmost having been accomplished at this stage in the utilization of material, the shavings and oddments are turned to account in the manufacture of fibre flooring or ground up as an admixture with paint. We go a step further and utilize the waste from waste. Wool waste is used in making felt. Felt waste in turn becomes the raw material for the manufacture of resilient, sound-proof flooring. Working backwards, woolen rags are converted into shoddy and shoddy is processed back into cloth. The reclaimed cloth is converted into clothing.

Cotton Seed Once a Nuisance

WE BOX the compass in waste utilization, and in the process of exhausting natural wealth discover means for its restoration. In the old days cotton seeds were considered nothing but a nuisance, something to be gotten rid of as one spits out persimmon seeds or orange pips. Cotton seed, once so much dross, now pays its way all over the world in the shape of cotton cake for Denmark, or oil for Italy, which returns to us as pure Lucca olive oil. Even without the inconvenience of a sea voyage, cotton oil serves as an excellent salad dressing. Fed to cattle, crushed cotton seed returns to the earth as manure to produce more cotton. A ton of cotton seed ground into meal produces a plant food supplying 135 pounds of nitrogen, 61 pounds of phosphoric acid and 36 pounds of potash. Generally as a last resort waste material than cannot be turned to direct account in our industrial plants can be fed back into the earth as fertilizer or laid upon the surface of the earth as a road bed for wheels or as pavement or flooring for human feet. Bagasse, the refuse from our cane sugar mills, is being converted into artificial lumber and into a tough weather-resisting paper. The paper thus made from waste is spread over the cane fields to keep down weeds and assist in producing more cane to be converted into more sugar and more bagasse.

Similarly, basic slag, the waste from the Bessemerizing of pig iron was formerly regarded as so much dross. In countries such as England and Germany, unendowed by nature with phosphate deposits, this furnace slag is found to be a fair substitute as a fertilizer for phosphate rock. In our own country slag mixed with cement is being used more and more in the manufacture of artificial stone. Thus a Bessemer steel mill may construct a home for itself out of its own waste very much as an oyster secretes the calcareous shell of its own dwelling.

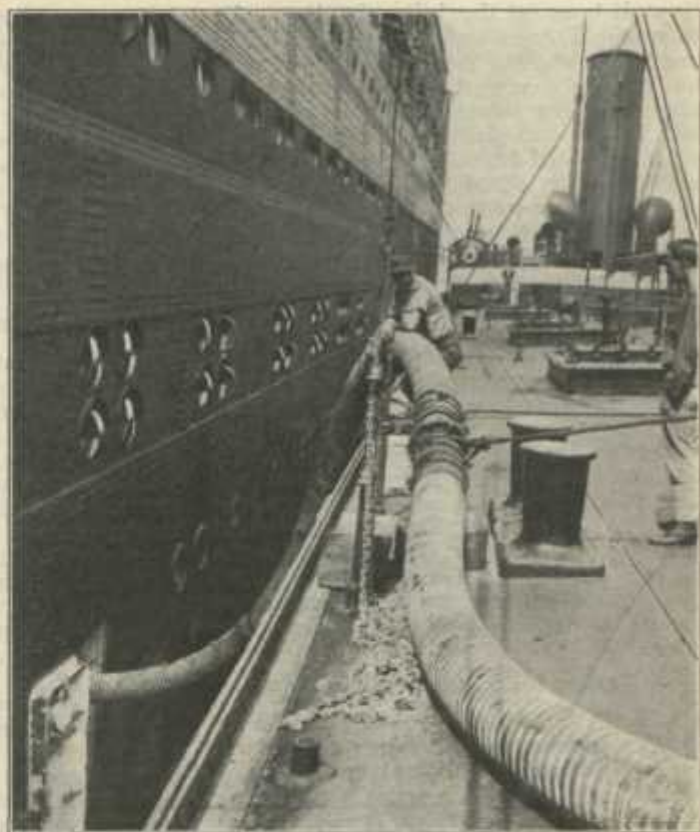
Our ability to extract wealth from waste

by-products constitutes a veritable industrial revolution. The volatile by-products of our petroleum industry, such as naphtha and gasoline, which formerly had only a nuisance value, have become the keystone in the arch of present-day individual transportation. The stone which the builders rejected has become the head of the corner. As in the old days a man may not only light his home with petroleum, but now he may cook with it, employ it as an agent of propulsion on the public highways, use it to lubricate his machines or his own internal organism, or burn it in the form of wax candles.

Waste wood by the magic of our chemical science is converted into alcohol and acetic acid. Waste citrus fruits are transformed into citric acid which in turn ministers to our expanding soda-fountain business. Out of corn cobs we are making adhesives and synthetic resins. From garbage waste we are extracting wealth in the forms of glycerin, animal oils, fertilizers. We are returning to the soil the bones of animals. Our packing houses ship the bones of cattle to China and these bones return to us as ivory ornaments or Mah Jong sets. Our packing industry has perhaps been surpassed only by our petroleum industry for its scientific achievements in turning waste products to useful account.

The brains, the economies that have gone into the business! The thing constitutes an interesting chapter in our industrial history just as does the story of the utilization of the waste products of our coking industry—gas, tar, dyes, ammonia, light oils. One can mention offhand a dozen by-products of the meat-packing business which furnish the raw material for other great businesses. Oleomargarine stock, soap stock, sausage casings, hog and cattle hair, wool, tallow, stearin, fertilizer stock, glue stock, hides, canned-goods stock, lard oils, bone stock, hog leather.

Modern chemistry warns up not to despise the day of small things. It has taught us to distinguish between actual and apparent waste. What seems mere dross may carry latent and unsuspected value. Wealth in drugs and dyestuffs concealed from the eyes of earlier generations in coal tar. Wealth in the noxious fumes thrown off by smelting plants. A court injunction restrained the Tennessee Copper Company from permitting poisonous fumes to escape from its smelter. These noxious gases destroyed vegetation for miles around. In the effort to abate a nuisance the smelting company discovered that this offensive waste could be profitably



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utilized. Approximately one-fifth of the total output of sulphuric acid in this country is obtained from the fumes of copper smelters, a waste product which twenty years ago possessed only a nuisance value.

The pushing, restless genius of American business comes to our rescue in the utilization of waste. It was found that the deadly gases which pour from smelter stacks to the detriment of vegetation could be precipitated in smoke stacks by electrical discharges. The precipitation in turn yielded supplies of arsenic. Calcium arsenate is being applied successfully to the destruction of the cotton boll weevil in the South. Thus a waste product which destroyed vegetation in one locality was converted into a valuable product for the preservation of vegetation in another.

Similarly in the manufacture of sulfate of soda, hydrochloric acid, a by-product, was regarded as only a nuisance and allowed to pass off into the air to the great detriment of vegetation in the neighborhood. Later this hydrochloric acid was turned to valuable account in the bleaching industry.

Perfumes from Their Opposites

JUST as to the botanist there are no weeds in the plant kingdom, so to the chemist there is nothing common or unclean in the elements which make up our visible and invisible world. Chemistry has learned the secret of creating synthetic perfumes from their opposites. The thing defies the logic of the layman, this art which derives the most delicate of perfumes from gross and evil smelling elements. Many of the choicest perfumes placed on the market are artificially made from stinking elements. Fusel oil obtained in the distillation of spirits has a disagreeable odor. Yet it forms the base for the manufacture of perfumes.

Up to seven or eight years ago helium was regarded as an exceedingly rare gas. The cost was high chiefly because it was rare and unattainable. The possibility of its use in military and commercial aeronautics as a lifting power directed attention to its produc-

tion. It turns out that helium has been going to waste in the combustion of natural gases and that enough to supply a fleet of Zeppelins may be recovered in this country annually. Here is a valuable gas which ten years ago was exceedingly scarce with a market value of around \$2,000 per cubic foot. This gas is now reclaimed from waste at a cost of some five or six cents per cubic foot.

The important seafood port of Crisfield, Maryland, is built out into an arm of Chesapeake Bay on oyster shells dumped into deep water as a means of getting rid of waste. Waste oyster shells were employed forty years ago as cheap railroad ballast. The price of oyster shells has been rising for years as the wit of man discovers means for their profitable utilization. Old shells are now used for sowing the under-water meadows of the Bay just as one would sow fertilizer on upland soils. The shells provide a clutch for a new crop of oysters. The old shells ground coarse serve in turn as grinding agents in the gizzards of poultry. As poultry food, ground oyster shells comprise no mean item in the volume of our domestic and foreign commerce.

A Genius for Transforming Dross

WE HAVE developed a positive genius for transformations—for taking gross, worthless material and transforming it into something fine and valuable. These transformations are going on continually beneath our eyes in the great laboratories of nature. A hog is a transformer through which garbage may be converted into bacon. Diamond back terrapin one of the highest priced of our food delicacies are reared in captivity on the offal from fish and crabs.

We are undertaking nationwide elimination of waste in industry just as twenty years ago we set about the nationwide conservation of natural resources. Just as the cold storage of perishable foods establishes equilibrium between seasonal gluts and deficiencies, so we are learning to eliminate waste in seasonal and intermittent occupations. The railroad construction engineer establishes his grade level by cutting down peaks and filling in depressions. By cuts and fills such businesses as the building industry may be spread over the entire year thus eliminating the waste of seasonable employment and bringing down construction costs. The business of building houses is being spread over the entire year. Winter suspension of house construction is found to be as unnecessary as it is wasteful.

Furthermore, we support the American standard of living by paying the highest wages of any people in the world. We can maintain our competitive edge only by economies in production. The keystone of the arch is standardization. Without standardization there is no mass production. Through mass production of such standardized products as sewing machines, typewriters, automobiles, harvesting machinery, we sell cheap to the home consumer and undersell competitors in the markets of the world.

The technique of successful mass production demands waste elimination along with standardization. The one implies the other. The struggle for abbreviation, for short cuts, for mechanical competence attains its objective chiefly through the elimination of waste. A straight line is the shortest distance between two points. In attaining an objective, waste of either time, effort or material means a deviation from a straight line.

The maker of the most popular automobile in the world does his own tree cutting and utilizes every portion of the tree. What will not go into the automobile serves as

raw material for wood distillates. The outside manufacturers who contribute parts to the manufacture of the car must pack their products in standard containers. Paper containers are later converted into *papier maché* pulp. If the container is wood its specifications are drawn to permit the reemployment of the material without cutting as flooring or seats for automobiles, or as standard packing boxes for the transport of parts. Even the workmen's lunch boxes are converted along with other refuse into *papier maché*.

We Benefit by Cost Saved

THIS manufacturer claims that he turns out the cheapest horsepower retailed anywhere in the world. He advertises that he is able to give the best value in automobiles for the least money chiefly because of the complete scientific utilization of waste material. How long would this manufacturer retain his unique primacy if he attempted to turn out a dozen different styles of automobiles or if he suspended his scientific program of waste elimination and as a compensation for it exacted a higher price for his product?

The cost of manufacturing and merchandising may be cut by simplified practice. Everybody knows it costs a manufacturer more to make twenty or thirty different styles of watches than to turn out a dozen styles in equal volume. Similarly it costs the merchant more to sell an equal volume of varied individualistic styles than it does a few standardized designs. One ready-made clothing concern catering to styles advertises 29 stock models, 14 special models, 6 styles in linings, 1,100 varieties of cloth, thus giving the purchaser 278,000 possible combinations.

In the shoe trade a concern puts out an individualistic style made to sell at \$15. The shoe itself is a prime necessary, but the style is a matter of human caprice. The particular shoe having gone out of style is thrown on the bargain counter at a heavy loss, which must be passed on to other consumers. All this is a form of waste. As an example of what can be done toward eliminating waste in industry an important shoe manufacturer recently cut out 98.7 per cent of his former line. A manufacturer of food products through simplified practice has decreased the varieties in his output by 82 per cent and at the same time increased through lower prices his sales volume by 60 per cent.

Style Varieties Are Wasteful

THE DIVISION of Simplified Practice set up by Secretary Hoover in the Department of Commerce has been cooperating with the business of the country in ridding industry of "variety" waste. An agreement has been reached for reducing the varieties of paving bricks from 65 to 5. Woven wire fencing has come down from 552 styles to 69. Milk bottles from 49 varieties to 9. The 7,000 items of builders' hardware are being reduced to 1,829 items. The lumber industry has reduced the yard stock items by 60 per cent. Cotton goods finishers are considering using only 44 colors instead of 900. Automobile tires are largely standardized already. Collars vary by quarter-inch and hats by one-eighth-inch sizes. Probably as many collars and hats would be sold if the standard variations were half and quarter-inch, respectively.

We have evolved our industrial primacy out of the substitution of cunning machines for human hands and muscle. The man whose fastidious taste demands something "different," some variation from prevailing standards, can have what he wants—at a price. He may have his shoes, his golf sticks, his motor car made to order—but he is going

against the current of our business development. He is in a sense a throwback to the age of handicrafts from which we have emerged.

An immense amount of intelligence and clear-headed effort is going into the business of correcting wasteful methods in business. The pale student, the chemist, the mechanical engineer out on the frontier of our expanding scientific achievements, are ceaselessly conserving and reclaiming wealth from waste.

Will some genius tell us what to do with certain items of rubbish which encumber our dump heaps? We have neither native rubber nor tin and fetch these two indispensable materials at a heavy price from the far ends of the earth. But what to do with old tin cans and worn-out rubber tires? If some genius could conceive of a method for utilizing the waste heat from molten iron and slag the saving would probably be greater than the total profit realized from the pig-iron industry. What to do with pig skins? Some millions of hogs converted into hams, pork and bacon and the unedible skin distributed on these food products to the consumers. A world too many hog pelts for the limited demands of the pigskin leather trade. We have learned what to do with the hair of slaughtered hogs and cattle. This hair once regarded as rubbish to be gotten rid of is now in high request. The world is not getting the cattle hair it needs.

We Lead in Utilization

THE RELATIVITY of waste. Instead of being the most wasteful of peoples we have become the leaders of the world in the scientific utilization of waste. Our apparent wastefulness reflects our high standards of living. Many a thrifty French family would live on the food wasted by a well-to-do American family. But we have found ourselves under no necessity of living the hard, painful, frugal existence of a French peasant. In our own case saving is more or less optional—in the case of more frugal peoples saving is compulsory. Millions of Asiatics live within a hand's breadth of starvation. The Chinese, four hundred million people. The Japanese eat the entire fish—head, tail and entrails. They have no garbage problem because they eat the garbage. Worn-out rubber tires are used in Spain for making sandals, but we do not live in this country on a rubber sandal scale.

We have squandered our forest resources and forced up the price of lumber to such a point that our builders are turning to brick, concrete and stone. Who shall assess properly our lumber waste? In the past we have built our houses chiefly of wood. The average per capita annual fire loss in Europe is less than one dollar as contrasted with \$4.50 in the United States.

American business, mobile, ingenious, adaptive, is influenced in its attitude to waste, not by declamations against it, but by the economic law of necessity and life.

Profit is the sole economic stimulant for waste utilization. A man of sound organs does not need lessons in physiology to teach him to digest his food, nor does a man of normal vision require a knowledge of optics to make him see. Our lumberman will cease wasting wood when our scientists teach him to transform the great bulk of limbs and sawdust into concentrated forms that will bear the cost of transport. Ice melting under the summer sun in Labrador is one thing, ice melting in the family refrigerator is another.

As has been stated, waste, like beauty, is in the eye of the beholder.

Where Wastes in Distribution Lie

By IRVING S. PAULL

THERE is a problem of distribution. The best proof of that lies in the now familiar statement that it costs as much or more to distribute as to produce; that out of the \$9.10 you spend for a box of soap, a pair of shoes and a watermelon, only half goes to the man who made the shoes or the soap or grew the watermelon.

Many things have brought this about. The complexity of modern civilization; the raising of the standard of living; the improvement in transportation which has widened distribution areas; new methods designed to sell more goods; to stimulate desire and consumption; mass production, which has released men for distribution—these are some of the things that have built up our distribution bill.

But the real question is not: "Does distribution cost more?" What we want to know is: "Are we getting our money's worth?"

You and I can't have perfect grapefruit on our tables all the year 'round unless we're willing to pay not only the farmer who grows the fruit, but the men and women who sort and wrap and box them, the men who make the ice that goes into the refrigerator car, the fireman and engineer who haul the grapefruit from Florida or California, the wholesaler who stores them while he breaks the carload into smaller units for the retailer; and all along the line we must pay, pay, pay, right up to the grocer's boy who puts the "two grapefruit for a quarter" on the kitchen table.

The Waste Is What Hurts

WE WANT that grapefruit, and we are willing to pay. We are willing that the workers along that long line shall have their fair pay or their fair profit; what we don't want to pay for are the needless workers or the needless processes. In other words, we shall not cure the ills of our distribution methods by crying "profiteer." What we hope to do is to cut out waste.

If all of the net profits between the producer and the consumer were deducted from the final price, the cost of living would not be noticeably reduced; but if the wastes were recovered, the cost of living might be materially lessened.

FEW MEN have had a better opportunity to draw the line between what is known and what is not known about distribution than the author of this article. In private life an adviser on marketing methods, he served first as secretary to the Joint Commission of Agricultural Inquiry, of which Sydney Anderson was chairman, and whose report is now a sort of a Bible of distribution. Later Mr. Paull became the first chief of the Domestic Commerce Division of the Bureau of Foreign and Domestic Commerce, under Secretary Hoover. We asked Mr. Paull to tell us as specifically as he could where the outstanding wastes of distribution lie. This is a foundation article on which we look to him to build a series which shall point out what and where are the obvious and curable evils of distribution, in a number of specific instances.—THE EDITOR.

With a more definite knowledge of facts and an elimination of waste, profits would be more certain, and business more substantial. Obviously then, there is no more profitable field of research.

In earlier times there was no problem of distribution, because people lived simply and produced their own foodstuffs and clothing materials and found fuel and materials from which to create shelter close at hand. They enjoyed such primitive comfort and convenience as they could provide for themselves, while service was largely a matter of neighborly exchange.

Contrast the merchandising of our great grandfathers with the present system. Farmers' wives spun the wool for the clothes of the family, parched the corn and smoked the meat. Now these activities provide occupation for hundreds of thousands

and perhaps millions of hard-working people. Our grandmothers selected food for the family from their simple store, while today we have only to reach for the telephone to select any of five thousand or more available items to put on the menu for the next meal. Frequently the commodity we order is of less value than the service of the boy who delivers it.

In that earlier period not only was a day longer in the term of hours, but excruciatingly long in the term of labor. We threshed much of our grain with a flail, or under the treading hoofs of cattle and in an equally laborious manner performed the simple services essential to bare existence.

Manufacture was almost wholly a matter of manual labor and skill. This is hard to realize as we look at a modern automatic machine, running silently and with mechanical ease, performing most intricate operations. These same operations in an earlier time required long hours of muscle-tiring, monotonous energy.

As the machine lightened the labor of the wage earner and shortened his day, it opened a new world of knowledge, refinement and recreation

which came within the purchase price of the industrial worker. Opportunity



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From orchard to table seems a simple step. But, says Mr. Paull, "You and I can't have perfect grapefruit on our tables all the year 'round unless we're willing to pay not only the farmer, but the sorters and packers, the ice manufacturer, the locomotive firemen and engineer, the wholesaler, the retailer—right up to the delivery boy who puts it on the kitchen table."

tunity came to each succeeding generation, and fathers and mothers were ambitious to see the lot of their children more comfortable than their own had been.

With the relief from the hard manual tasks, greater ease of living and shorter hours, increasing numbers of men found time and opportunity to invent even simpler and more efficient means of production, adding constantly to the comfort, convenience and satisfaction of living. At the same time we were adding to the opportunity for expenditure, and we unconsciously developed a most complex system, with a greater variety of wants and demands than has ever occurred in the history of any people.

It is natural that this in turn has developed a most complex machine of distribution, giving occupation to a great variety of skilled specialists whose services are valuable but unknown to the consumer.

It is not surprising that the distributive machine should be complicated, because it has been developed rapidly in response to new demands without opportunity for the consideration of economy and often without relation to the fundamental purposes of distribution.

Ignorance Gives Suspicion

WE SUSPECT many things because of our ignorance of business and service. We urge the Government to legislate waste out of existence, and yet, how greatly would we resent it if the Government traced the responsibility for that waste back to you and to me! Today we stand convicted, because it is you and I who are principally responsible for the waste that possibly overburdens us. It is our business to know, but we do not know. It is our business to learn, but we do not learn.

In that situation we have many precedents, because in the earlier development of civilization men gave no consideration to the simple activities which were the foundation of our present economic structure. Nor are we providing for the education of succeeding generations by establishing in the schools the economic facts and principles which govern our existence.

In all of the complex processes of distribution there is not a hidden fact. The facts can be brought together; the necessity and value of the services rendered can be established; and if they are established, the wastes will become obvious; and common sense will tell us that they should be eliminated so that with the millions of dollars annually saved we may buy in greater variety those things which we desire.

From the inside of business we find in daily practice wastes so obvious that a child, unaffected by habit or custom, might point them out. A manufacturer of bed springs, in response to the demands of his salesmen, catalogued twenty-seven different types of springs, while the records which were available to him every day of the year presented positive proof of the fact that the burden of the business rested upon only six types of bed springs.

Why did he continue to manufacture twenty-one burdensome items? Because he never looked at the records of his own business to determine the facts. In distress he called in an outsider who, uninfluenced by the traditions of the business, recognized the opportunity for economy and profit to the manufacturer, the reduction of cost both in manufacture and distribution which could be passed along to the ultimate consumer. Frequently manufacturers do most carefully and consistently study the records of their business, but even then they sometimes overlook simple facts. Habit is stronger than vision in most of us.

One concern developed a wonderfully efficient plant with a most perfect product, but to the disappointment of its stockholders it failed to produce dividends. Again an outsider observed an overlooked factor. This concern, buying its materials in Pittsburgh, transported them westward eleven hundred miles and thought that its market lay east of Pittsburgh. As a matter of fact, there existed within a radius of two hundred and fifty miles of the factory a natural market in need of the product in greater volume than could be produced in a plant four times as large as that in operation. The mere matter of finding its logical market within a radius of economic distribution reduced the selling and shipping costs of that institution 50 per cent. This provided dividends for stockholders and greater economy for the consumer.

We have not outgrown the custom of an earlier period when men located manufacturing plants in their own communities so that their friends and neighbors might see their success, without thought of the source of materials, location of markets, facilities of transportation, adequacy of fuel, availability of labor, cost of production and cost of distribution.

Lack of consideration of these factors definitely places a burden upon business and directly places a burden upon consumers of commodities produced under such conditions.

When in our analysis we go back to the methods of fifty years ago, we readily see that the low cost of distribution was due to the localization of markets and the salability of products. Competitive pressure had not created numerous duplications and great varieties of package, size and service.

The public is unacquainted with much of the work that is being currently conducted by the Government in an effort to eliminate waste, so that the consumer may have greater purchasing power and the producer and manufacturer may have greater stability and larger assurance of permanent success. In joint effort the Department of Commerce and the Chamber of Commerce of the United States, with the trade associations directly affected, have cooperated with some of the larger industries in the elimination of obvious wastes, and savings have already developed for the consuming public amounting to hundreds of millions of dollars per year, and serve to indicate the great benefit that may come to the American people through a simple observation of facts.

Variety Adds to Cost

WE ORDINARILY think of a paving brick as a paving brick; it never occurs to us that they might differ in size and style; and what if they do? But when we discover that there were sixty-six different sizes and types of paving bricks, each to be produced and each to be sold in competition with the rest, it is a simple matter to realize that enormous loss must occur in their manufacture and distribution. It was impossible to substitute one for another on account of their useless variety. The producers of paving brick discovered that for every purpose and requirement there need be only five types and styles of paving brick to serve every need of the entire American public.

Bed springs and mattresses have been reduced from seventy-eight various sizes to four uniform sizes; metal lath, from one hundred and twenty-five varieties to twenty-four; hotel china ware, from seven hundred varieties to one hundred sixty; range boilers, from one hundred thirty to thirteen; woven wire fencing, from five hundred fifty-two to sixty-nine; and woven wire fence packages,

from two thousand seventy-two to one hundred thirty-eight; milk bottles, from forty-nine varieties to nine; milk bottle caps, from twenty-nine varieties to one.

When you think that similar conditions exist in practically all of our major industries, it shows the vast extent to which our business men have blindly followed the habit of attempting to supply a demand for variety—a demand which sometimes never existed, and which sometimes was created by the manufacturer himself. In other words, we have greatly exaggerated the selling attraction of novelty in variety.

It is here that the trade association proves its economic value to the American public, because only through organized effort can these benefits be felt by the consumer of American products. American industries are too sagacious to endeavor to standardize American tastes, comforts or habits, and the most remote possible purpose in the work of simplification would be that of reducing manufactured commodities to arbitrary standards. The practicality and common sense of the movement toward simplification are confirmed by the fact that it eliminates waste.

We Lack the Facts

WE TALK sometimes of an earlier period as a time of contentment and understanding but none of us in his heart has any desire to go back to the simplicity of earlier generations; and who is there to say that a reasonable contentment may not be secured by a better knowledge of the processes by which our wants are supplied or the value of the service our neighbors render in making possible our present comfortable, convenient existence, and our standard of living, higher than has ever been known to civilization?

Our civilization only lacks a knowledge of the facts of civilization. The longer the problem remains unexplained, the more difficult will it become. The tendency is toward a more centralized government, notwithstanding the futility of effort to cure an unmeasured and undefined condition. Seventy-one per cent of the population working for profit or wages is engaged in distribution, conversion, transportation, finance and the facilitating activities, including the professions; and only 29 per cent is engaged in producing the raw materials.

The division is rather roughly drawn. It is based upon the General Division of Occupations reported in the 1920 Census, which reports a trifle over twelve million people engaged in agriculture, forestry, animal husbandry and extraction of minerals. The precise figures give the percentage thus gainfully engaged as 28.9 per cent. Those engaged in manufacture, mechanical industries, transportation, and trade, total a little more than twenty million. The exact percentage of this large group is 48.4 per cent. Somewhat less than ten million people are engaged in public service, professional, domestic, personal service and clerical occupations. This group represents 22.7 per cent of the total number gainfully employed.

The entire number gainfully employed, as reported in 1920, was 41,614,248, of which approximately 29 per cent were producing raw materials, the remaining 71 per cent being engaged in the activities of distribution, and those activities which make raw materials available and acceptable to the whole consuming public.

We suffer from promotional enthusiasm and fail to utilize the available constructive knowledge of our economic situation. We have lost sight of the fact that successful distribution must be based upon an intelli-

gent appreciation of facts, and a more accurate measurement of consuming markets.

Every product must be consumed somewhere if we are to maintain a prosperous condition within our country. If we produce more of a commodity or of service than can be consumed, we are creating a surplus which will of necessity take away a portion of the value of the total amount produced.

It seems entirely probable that much of our problem results from the fact that we have given little consideration to establishing a balance between the consuming capacity of our markets and the producing capacity of our factories.

When there occurs a surplus production, people are thrown out of employment, and obviously whatever tends to stop or reduce the payroll stops or reduces the purchase of the commodities. Much as we complain of the recurring periods of depression, we fail to give practical consideration to the fact that we in large measure create the cycles of which we complain.

We seriously affect our social development when we fail to give certainty of income to the wage earner and assurance of credit to business, while the real purpose of our whole

economic scheme is to afford steadiness of employment, assurance of income, support to industry and purpose to commerce.

The manufacturer, wholesaler and retailer forget in their production, storing and buying, that idle merchandise absorbs the available capital and credit and that it accumulates a constantly increasing burden of rent, insurance, interest, taxes, depreciation, shrinkage, overhead and obsolescence.

We can only maintain a steady flow of materials through the processes of manufacture by maintaining an equally steady flow of finished goods through channels of distribution to be consumed as rapidly as they are made.

The trade association, with the support of its industry, an intelligent public opinion and a sympathetic appreciation of purpose on the part of the Government, can measure, with a fair degree of accuracy, the total consuming power of any market over a fixed period of time with a practical result. Such effort is constructively in the interest of the public.

President Harding in 1921 appointed a committee to make such fundamental study as might bring relief to the four or five million unemployed resulting from the business slump. The outstanding contribution of the commit-

tee was its establishment of the fact that business cycles, with their alternating periods of boom and depression, were to a considerable degree of our own making.

The committee rendered a distinct service to the entire community, and the most important of its constructive recommendations was its demand for business the right to secure the basic economic facts relative to production, distribution, etc.

Undoubtedly the most encouraging first step is the effective cooperative effort to simplify our manufactured goods and methods. This in reality is an adoption of what was best in our more primitive commercial life. It is getting back to fundamentals and substituting logical practices for habits and imitative tendencies. It points the way to the solution of our problems of distribution.

We must determine and define our problems of distribution. We must trace the development of our now complex distributive habits and methods and with the same courage of our advocates of simplification in manufacture, discard the costly and unnecessary complexities and construct a simpler distributive machinery designed to operate with a minimum of waste.

The Landlord's Side of It

As told to THOMAS J. MALONE

... then began
A clamor for the Landlord's tale—
The story promised them of old.
They said, but always left untold;
And he, although a bashful man,
And all his courage seemed to fail,
Finding excuse of no avail,
Yielded; and thus the story ran.

Longfellow: "Tales of a Wayside Inn"

WHILE apartment house tenants have little trouble getting their woes before the public—their being the popular side—apartment house operators seldom get a hearing. Consequently the public regard us landlords, as a class, as grasping, nickel-pinching, unsympathetic Shylocks.

I've been an owner and manager of apartment buildings in this city for thirty years, in which time it has grown in population from a little less than 200,000 to more than 400,000. I ought to know something about the business. Landlords are not always harsh, unreasonable and indifferent any more than tenants are always honest, decent and considerate.

Recently we landlords here organized an apartment owners' association for our own protection. Among its objects are eliminating undesirable tenants, reducing losses caused by vacancies and bad accounts, compiling tenants' credit ratings and furnishing personal reports on them, and developing in tenants an appreciation of their responsibility and informing them of the laws governing tenancy.

Who are undesirable tenants? The range is wide. It includes the non-payer of rent, the singer at untoward times, the player of repose-shattering instruments—I had a saxophonist once who nearly disrupted an en-

tire building—the keeper of erratic hours, the indecent person. Oftentimes it takes in the harbinger of a dog or a cat.

The habitual dead-beat is one of our worst. Our association, through information from members, is gradually blacklisting the habituals, and soon any member will be able to detect many of them when they apply for quarters and in time run them out of the city by refusals.

It might astonish you to know how many families manage to live in rented rooms—good ones, too—for payments covering only three or four months a year. Oh, yes, it means frequent movings, but such folk travel light. They often take furnished apartments, being thus able to pack their belongings in suitcases and leave between darkness and dawn if the pressure gets too strong.

A typical case is an experience that befell one of my best tenants in sub-letting his apartment. It happened that he, not I, was the loser, but the story illustrates the methods of the dead-beat.

My tenant—Mr. Dean, we'll call him—planned to take his family to California for the summer. Not a wealthy man, he figured that the income from sub-letting during his absence would go far toward paying expenses of the trip. He advertised the apartment for rent, for four months, furnished.

His first inquirer liked the apartment. So did

his wife. It was exactly what they were looking for. They praised everything—the size and arrangement of rooms, the decorations, the furnishings—thereby subtly complimenting the Deans on their judgment and good taste. The Deans thought they were fortunate in finding such tenants. They themselves were paying \$100 a month for the apartment unfurnished, but they let the Blanks have it with their own furnishings at that figure. Blank wrote his check for \$100 for the first month and made note of the Dean Los Angeles address for mailing subsequent checks.

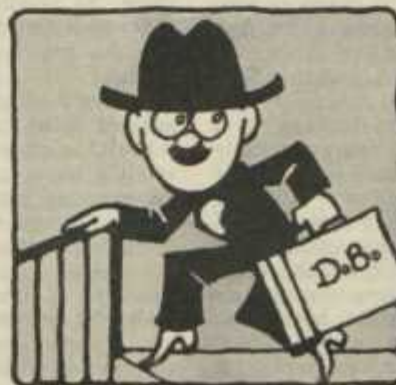
That was about June 1. When July 1 came around, Dean in California looked in vain for Blank's check. Several days later he received a letter from Blank explaining that he had been disappointed in not getting certain money due from a business associate on which he had counted for the July rent, but that he expected to get it by the twentieth and would then remit promptly.

Dean, never having dealt with such birds before, let it go at that—and didn't worry, either. On the twenty-fourth came another letter from Blank saying that he had been disappointed again but that the money would surely be paid him by the end of the month, whereupon he would mail a check covering

two months' rent. That sounded all right; but the promised check did not come.

Then Mr. Dean wrote to ask what was what. He wanted his money. After ten days or so he received a reply full of assurances of good intent and certainty of payment but evasive as to when. So Dean decided to cut his vacation short and return home.

It was then the end of the third month. He



called at once on Blank. The latter's manner had changed. He leaned back in his chair defiantly, thrust thumbs in armholes and challenged: "Well, you can't squeeze water out of a stone!"

Dean, realizing then what he was up against, told the man he'd have to get out. The latter smiled the confident smile of the crook who knows his legal rights and intimated that there was a procedure in law for effecting such an outcome. By the time this procedure had been observed—filing of action, serving summons, holding of court hearing, obtaining judgment—nearly another month had gone by. In other words, Blank had had four months' use of the apartment for one month's rent. He then got out, doubtless going to another apartment to repeat the performance.

But that wasn't all. The Blanks didn't pay gas, electric and telephone bills while there. Of course, the bills were made out in Dean's name. At the apartment, the Blanks ignored them. When pressed by the companies, they explained it was the understanding that Mr. Dean would pay them. The companies then sent duplicate bills to California. Dean wrote back that the tenant was to pay and to cut him off if he did not.

Several weeks were thus spent. Finally the companies sent men out, at different times, to disconnect services. Each was met at the door by a competent-looking woman of pleasing address who informed him that the matter had been adjusted and there was now no need for such a drastic measure as Mr. Dean had agreed to pay the bill.

Impressed by Dignity

THOUGH without authority to ignore their instructions, the men were so much impressed by her demeanor and assurances that they all went away without cutting off. When Dean appeared, he discovered the situation and set out to learn why services had not been stopped. It was then disclosed that the men sent out to disconnect had assumed the woman who talked to them was Mrs. Dean! And so on, and so on. Dean paid the bills.

As a rule, we landlords are much easier with the slow-paying tenant than we ever get credit for being—if we deserve any credit for it. We often "let them ride" when they impress us as honest and well meaning but unfortunate, in the hope that affairs will grow better and we'll get our money. Especially is this true if it be in summer and we have several apartments vacant.

I have right now in a \$50 apartment a widow with a fifteen-year-old daughter who is two months behind in the rent. She is a respectable woman and would pay if she had the money. What am I to do—put them out in the street?

Even when you know the husband is a dead-beat, the wife and children are usually innocent. They are to be considered, too. If the truth were known, I dare say we'd find that most landlords write off a few hundred dollars each year for the luxury of having a heart. It is only fair to say, on the other hand, that many tenants, given a month or two leeway as to rent payments, have made good in the end.

Experienced dead-beats are resourceful; it is amazing the means they take to circum-

vent the landlord. I recall a woman of fashionable make-up and plaintive voice who "got into me" for \$200 back rent. I was pressing her to pay up, though I had not ordered her out. What do you think she did?

She was a good spender—on herself—and had done business at most of the high-class stores. She went to the owner of one of the leading department stores. I can imagine about what she said. It must have begun about like this, in her appealing, sympathy-stirring voice: "Oh, Mr. H., I am in such trouble!" Stress on the "such" and tremolo on the "trouble." I don't have to tell you that most men have a soft streak in them when it comes to dealing with women. He asked her what her trouble was, and she told him her landlord was embarrassing her about her rent. Would he call up the landlord and intercede for her—ask for an extension, and one without frequent importunity?

Would he? You might think it none of his business, but he would and he did. He hemmed a little when he had me on the telephone. Telling the incident, he asked, as delicately as he knew how, if I could be lenient.

I met him two-thirds of the way. I was glad he was interested. I'd be pleased to give Mrs. S. an indefinite extension, if he would guarantee her rent. This jarred him noticeably. He hastened to say that that, of course, was out of the question and added that he guessed he had made a mistake in espousing her cause.

Was she through with that one attempt? Not she. Some days later I had a telephone call from a casual acquaintance who happened to be an art collector. He'd like to run over to my office and see me. I asked him to run along over. Did I have a tenant by the name of Mrs. S.? I had. Well, she had been at his home to examine some Japanese prints and in talking with him had told a sad story of temporary financial shortage and a hard-hearted landlord. She had suggested that maybe he could influence me in her behalf. So he had come to try.

I told him I was glad he called. Mrs. S. seemed a fine woman; I had no objection to her whatever as a tenant, except that I wasn't getting any money from her. Now if he would guarantee her rent—that ended his concern, too. I'd hit his pocketbook nerve.

After all, though, the landlord can blame only himself if he is out much through unpaid rent. The law is ample for his protection; and, if he allows himself to be strung along, he should put it down to letting sympathy get the better of judgment.

I have said that I am inclined to be extra lenient with a slow-pay tenant if it happens to be in the summer months and I have a number of vacant apartments. There is another reason for leniency in certain periods. In our field, apartment leases, running a year, usually date from fixed times—here May 1

or September 1. With us, those are the big "moving" days.

Because of fixed lease periods, it is often difficult to rent certain types of apartments, especially the larger and "old-fashioned" ones, at other times. Consequently, if a landlord puts a tenant out in an in-between month, as June or December, he may be unable to rent the apartment until the next regular lease date. Against this chance of having it vacant for a term of months, he weighs the advisability of letting the tenant stay on and often decides to do so.

This is bad policy, however, for a vacant apartment is potentially rentable—fluid capital that may at any moment become producing—while the occupied but non-paying apartment is tied up and cannot ordinarily be turned into a producer without some delay.

My own practice in recent years is to get away from leases. I seldom require them now for apartments, and make them, usually, only when the tenant asks it.

Lease Favors Tenant

THE TROUBLE with a lease is that in practice it favors the tenant at the expense of the landlord. The advantages are too one-sided. Legally the landlord is protected by its terms, but too many tenants have no regard for their obligations under a lease and will break it unhesitatingly if to their interest—say, by moving out before it expires.

To enforce its terms, the landlord has to consider the expense of legal action, with the result that he generally "lies down." Again, it is harder to dispossess an undesirable tenant under a lease. I find the month-to-month basis of renting quite satisfactory.

Landlords themselves make it hard to curb the operations of the dead-beat. Frankly, I'm none too sanguine as to the results our association will achieve in this regard. In the first place, experience has proved that competition for tenants is so active that not a few landlords will take a chance on a hazardous tenant, even when his reputation is known to them. Furthermore, some landlords will recommend to another landlord an outgoing, non-paying tenant in order to hasten the going!

While the dead-beat may come near the top of the landlord's list of undesirables, there are others that give him as much, and often more, grief. The immoral tenant is often extremely difficult to deal with, not when evidence is obtained, but always when you have only suspicion to back you.

Then there's the musician, vocal or instrumental, especially the professional. I usually refrain from renting to a professional if I recognize the type in time. As is the general understanding in apartment renting in our city, my tenants are supposed not to sing or play instruments in apartments after ten at night and before nine in the morning. But many of them ignore the rules, and then

there is trouble—for, and often from, the other tenants of the temple of melody.

Dogs and cats may belong in a single dwelling, but they surely do not belong where two or more families live in one building, unless by unanimous consent. Once in a while, I admit a high-toned dog who plainly is cared for as assiduously as a baby—more so than are many babies—but not often in an otherwise dogless



building. Some buildings, you know, may run a good deal to dogs, all the tenants wanting them. In that case, why not?

You're expecting a comment on children as undesirable tenants, young children? Well, in a building occupied largely by old persons and persons in poor health, children are a nuisance. They and quiet do not go together. We all know that, at the best, an apartment house is not the place for youngsters; they need and deserve more light, more air, more play space and more outdoors. They don't get a square deal in an apartment house. In some of my buildings I take families with children; in others I do not. It depends on what the tenants themselves want: they are choosing and paying for accommodation. If enough families want to live in a childless building, that is their business; and if they are willing to pay for the privilege, they will find the building. The like is true of families with children.

Little Faith in References

DOES the requiring of references help in weeding out the goats? Not much. In fact, I put little faith in references—do not ask for them. In the first place, it goes almost without saying that the references given will always recommend the giver. He would not have used their names unless he was certain of that. And most persons will recommend almost anyone so long as they themselves are not directly concerned. It's like getting signers to a petition. No; I rely on my personal impression of the applicant. If I suspect he is undesirable, I may say something to make him angry. That seldom fails of disclosures. "A hit bird always flutters."

I once bluntly asked a stranger who wanted an apartment, "How long since you were drunk last?" It was a long shot, but it did the business. He flared up, asked with an oath what concern it was of mine and said he didn't care to deal with a man who would insult him. He had hardly left the office when a landlord friend of mine called up to warn me against that very man, who, he said, was a heavy drinker. He had looked it.

You have to be more circumspect with a woman applicant, but if your leading question is well chosen, even so slight an indication as a wiggling toe will disclose it.

There is one phase of apartment house operation whose importance I, as a landlord, would like to emphasize—the place of the janitor. The wise landlord exercises care in choosing his janitors and in his relations with them afterward. Tenants should make it a point to get along

well with their janitors, to treat them as human beings.

The janitor is more important to the apartment house occupant than the landlord is. Think of the duties of the janitor! He must look to his fire every hour or so throughout the day, seven or eight months of the year in our climate; keep the halls clean; watch over plumbing in and out of apartments and make repairs promptly; stop leaking joints and valves in steam pipes and radiators; deliver ice; be the general all-round handyman of the building, even to doing a certain amount of police duty, especially at night.

He should be paid well and dealt with fairly by both landlord and tenant. He should be a business man, not a flunky; accepting no gratuities from tenants, but making outright charges for special services.

Your successful janitor must be a contented type, not a seeker of change in activities or surroundings. Preferably he should be married. He is assured of life security in a self-supporting position with an income far better than that enjoyed by the average mechanic with his frequent layoffs and periodic dull seasons. He has a better place to live than have most men of his income and the chance to bring up his children comfortably, send them to school and give them a fair share of advantages.

When you figure an apartment house janitor's wage at \$80 to \$100 a month, or thereabouts, as in this city, and then count in rent-free use of an apartment, including heat, as well as free ice and free telephone, the job is well worth taking and sticking to.

It is harder to get good janitors today than it used to be. I find some of my best are being corrupted by tenants who give them liquor. More tenants are keeping liquor in apartments, despite the law, than was the case when it could be had for the asking outside. Some of my janitors who had never drunk before have acquired the habit lately. In recent years I have lost most of my old janitors, some of whom had been with me for a dozen years or more, because of the liquor habit. One of my men was caught operating a still and selling the product to the tenants! And, mind you, this in a supposedly high-class apartment building.

"Sticky Fingered" Tenants

SPEAKING of thefts, tenants are not the only victims; sometimes the poor landlord gets his. I have had outgoing tenants in furnished apartments stuff our pillows in their suitcases before leaving. In one case, an oak drop-leaf table was found opened and covered with newspapers, after the tenant had moved out. When the papers were removed, the imprint of a flat-iron was disclosed, burned a quarter inch into the wood. Someone had forgotten to turn off the current.

It is pleasant to testify that most tenants are honest, well meaning and satisfactory. It is the exception that gives the landlord trouble. Illustrative of the model tenant, I have had a family renting a modest single dwelling for the last twenty-eight years. When the husband and his wife considered taking it, they objected to signing the two-year lease I had proposed. In those days I favored leases, especially for one-family dwellings, and I liked them long.

I therefore promised them, if they would sign a two-year lease, a turkey for Thanksgiving Day every year that they should be in the house after the second year—as good a turkey as I would have for my own table. As little a thing as that turned the trick. They have been with me ever since.

Twenty-six turkeys as a consideration for twenty-eight years of renting!



Here's a rough estimate of the way your rent dollar goes. It is based on the figures from some fifty non-elevator apartments in some dozen different cities, collected by the Apartment House Exchange. No allowance has been made for depreciation, obsolescence or vacancies, all of which cut down the landlord's final return.

Here's a New Fad for Rich Men

By WILLIAM FEATHER

I HAVE often wondered why some millionaire does not develop a passion for collecting trees—beautiful trees.

When I am living in the country I take the keenest joy in the ownership of the trees which adorn my property. The best ones are elms and hickories.

When the electric light company put its poles up along the road, in front of the place, I was visited by an agent who suggested I let him cut down a gorgeous Balm of Gilead, at least fifty years old, because one lower limb scraped a cable. I am not one of those overly sensitive men who weep copiously over the destruction of a tree, but shed not a single tear when their wives work an hour or two longer each day cleaning chimneys and wicks of lamps, all of which bother might be saved by the installation of electric light.

I didn't let the tree come down, because I thought the destruction was entirely unnecessary, and so it proved to be. The farmers about me felt no such restraint. They have lived among trees all their lives, and one tree more or less means nothing to them.

One Sunday recently I wandered over a small farm which could be bought for \$500 an acre, and on every acre there stood at least one handsome warrior worth at least a thousand dollars to anyone with an eye for natural beauty.

The city is already extending its tendrils into this district. Soon the axe will be applied to make way for poles and pipes and streets.

Would it not be good for the soul of some

man to gather into his safety deposit box the titles to some of this land, that he might extend the existence of these trees?

It is reported that France began systematic tree-planting more than three hundred years ago. When a contract is let for a new state road the specifications include the trees to be set out, and the contractor is responsible for the American farmer, particularly around them out.

And one of the best things that can be said for the American farmer, particularly around the country where this is written, is that he has allowed many of his best trees to stand. How often do you see a high, graceful elm breaking the monotony of a tilled field.

The French idea of planting trees is good, but a better idea is to preserve trees which have already achieved stately magnificence.

A Business Innocent Abroad

He Finds the Yankee Consul Besieged by the Passport Hounds

By HENRY SCHOTT

HANGING Around American Consulates in Europe and Some Other Places.—Imagine yourself at the Gates of Heaven—outside—with benches occupied by applicants for admission, waiting their turn to have someone pass on their claims.

They sit there by the hour, each with his papers, life history, written statements why he is eligible for entrance to the Golden Portal, why what seems to him a mere unimportant technical objection should be waived, proof that he has dozens of relatives in Heaven, all doing well and ready to vouch for his fitness, evidence to show that there are dozens of places in the Holy City open and waiting for men of his type and peculiar ability. And imagine the doorkeeper summoning one of the patients to come in to the vestibule and hear St. Peter's verdict. Then one of the assistant watchmen comes out and calls your name.

"Trifle G. Pitter!"

In you go with all of your recommendations, excuses and alibis carefully arranged.

"Let's see, Mr. Pitter, you're a citizen of Washington county, State of Indiana, and you want a passport to Heaven," the head doorkeeper begins.

"Yes, sir."

"And you had a habit of perpetrating practical jokes?"

"I quit that in my later years, sir."

"Uh-huh. Your record also shows that you stopped busy men on the streets, or busted into their offices to tell them, stroke by stroke, how you went around in ninety. Is that correct?"

"Only in part; I stopped it. That's how I got hurt."

"Are you the same Trifle G. Pitter that made a practice of singing 'Hail, Hail! The Gang's All Here' at public dinners?"

"Yes, sir, I'm afraid I am and I'm sorry."

"And Mr. Pitter, were you, or were you not—mark my question carefully—a cheer leader at college?"

"No, sir—a thousand times no! That was my second cousin, Empty Pitter."

"Very well. Your record isn't so bad as it might be, but the Washington county, Indiana, quota is filled for this year. We may be able to help you out along about next January, but can't promise. Your county's annual quota is two hundred and seventeen, with sixteen thousand applications. Boy, call the next case."

Make that picture and you have something of an impression of the waiting room of almost any American consulate in these days of immigration restriction.

In a little side street in Athens, where

I was taking up sidewalk room in front of a show window full of new and second-hand firearms, some one called out, "Hello, United States." He was a decent, substantial looking man of about forty and he wanted to know all about things at home. He had lived in Connecticut seven years and said his one hope was to go back.

"Why don't you?" I asked.

"Simply because I must have been foolish," he said with a smile. He spoke good English. "I took out my first papers and then like a lot of others neglected the others—put it off. Had a good job and saved money every week I was there. The old man kept writing me to come home and at last he wrote that if I wanted to see him alive I had better come at once."

Caught in the Homeland

"SO I CAME back, intending to return. We've got a nice little farm out here and I went there and helped him with the work. The next thing that happened to me was that Greece went to war and I was jerked into the army. You don't realize it, but this country has been in some kind of a war almost ever since. When we're not fighting the Turks or somebody else in the neighborhood we fight ourselves—looks as if we were going to do some home fighting right now."

"I had a fine chance of getting back to America, but the Greek government wouldn't let me get out and America won't let me come in. Now my father is dead and I'm running the farm and it looks like a life sentence. Besides, I've got a wife and family now, or I'd get back by way of Mexico or Canada—through the back door. Nothing could keep me out. And with just a little sense at the right time I might today be an American citizen. I've got one boy who's going to America if he has to swim all the way."

He was an attractive, interesting sort of a man and I sympathized with him even, I confess, when he considered smuggling himself across the border.

Wherever I stop for any long period of time, some na-

tive comes to ask about his chances for entrance to the United States. Of course, I can do nothing further than to refer them all to the consulate.

There is nothing of the sinecure in an American consulship in Europe these days. I have made it a point to look in various consular offices and that is one place where the Government is getting its full money's worth and more. The consuls I have met, with their subordinates, are thoroughly creditable in every way, both as men and officials, to their Government. They have enough work to force them to violate any eight-hour statute regularly.

William Dean Howells was United States consul at Venice sixty years ago and had so little to do that he said he quite forgot how to work. He would find no cause for complaint on that score these days. In Naples, there were perhaps fifty men and women standing in the courtyard back of the consulate, waiting their turn, in addition to those in the building. Some of the fifty, I was told, were lawyers, there to plead the cause of applicants. Today an American consul in Europe is not only expected to be a lawyer, so far as the immigration act is concerned, but a detective as well.

While I was in one of the offices in Southern Europe, the consul was making a careful study of some beautifully engraved diplomas, with all the seals and ribbons those documents are supposed to require. They certified that Giuseppe Andatoni or Pietro Garibaldi had spent the necessary time and passed the examinations to qualify him as a trained nurse and give him the right to practice.

Nursing Becomes Popular

TRAINED nurses are by law permitted to come into the United States. There seemed to be a sudden development of the trained nurse industry in this particular locality and all of these nurses were men. Also, all of them had studied at one and the same training school and the diplomas appeared to have been written at one and the same time, however the dates might vary. There



were some twelve or fourteen of these certificates that had been held for investigation which the consul was conducting with the aid of a reputable physician. It looked like a diploma mill for emigration purposes. Every case coming under the exceptions to the immigration act gets thorough study before the application receives action.

A young American employed in Europe told me he had been home on a visit and in order to save passage money had shipped back as a sailor on an Italian merchant vessel. He had served in the navy in the war and two days out acted as first mate.

The Crew Deserts on Every Trip

"WE WERE eighteen days crossing, fine weather all the way and I enjoyed every minute of it," he said. "The captain was a fine old sea dog, companionable, and I'd go that way again if I could."

"Why should he ship you and why give you a mate's berth?" I asked.

"Because his crew, all except a lame ship's carpenter, deserted before he could leave the American port. The crew deserted in America on every trip—regularly and when he started home it was a case of getting anybody to fill out. A fine arrangement for him—his American-bound crew disappearing one by one meant that they got no pay for their trip; in fact, I half expect they had to pay him for the privilege of working the ship across and having the opportunity of dropping



cials who won't accept a dignified, generous token of appreciation for a simple little violation of the law. Strange people, these American consuls.

I was told that a complete opera company applied for visas under the artist clause. They had a full personnel, principals even to the manager with a silk hat and a hired fur overcoat, chorus and ballet; the orchestra in number sufficient to give big Italian opera plus a full Wagner season. In size it was easily the world's greatest opera company. But so far as the consular service was concerned this operatic aggregation was caught red-handed before it ever had an opportunity to start to tune up. It was the ingenious scheme of some of the native immigration sharpers to send this cargo of ineligible artists. Most of them were limited in their knowledge of opera to what they had heard from the third gallery.

Troupe Suspiciously Untempered

YES, that counterfeit opera company was a good idea, but the promoters were bad stage managers and neglected the details in its development. It was due for immediate exposure and failure, for the women principals carried neither pet dogs, parrots, nor hotel-room cooking apparatus; the tenors all appeared to be on good terms and none of the basses wore black bandit hats. They were quiet, unobtrusive, modest and subdued in their manner, much like normal human beings and clearly not an opera troupe. They are still in their own, their native land. It is my contention that the consul who rejected them lacked a sense of humor. He should have demanded a trial performance of, say, "Aida" and insisted on their going through with it.

One morning I broke in when an American consul general was holding what seemed to be a little personal and private police court. A perfect lady, born in Russia, had been denied a passport to America and she insisted on taking it up with the consul general after hav-

ing advised all of the consulate employees to prepare themselves for the most complete humiliation in all their official experience. She had married an American citizen nine years ago, had lived in America at intervals and was now ready to go back; in fact, she was insisting on going back.

The consul general listened and let her tell her story twice without interruption. Then he read from a typewritten paper the report of his investigators.

Bride Decamps With the Bath Tub

IN PART it was to the effect that she had indeed married an American citizen at the time she stated and had been a resident of America; that she had been divorced, returned to Europe and married a Roumanian in Bordighera. Following his early and somewhat sudden death, which led to an investigation of those nearest and dearest to him, she had formed a matrimonial alliance with a French sea captain in Marseilles.

As a minor incident she had moved from an apartment, leased in her latest husband's absence, taking with her one built-in cupboard, the bath tub and sundry plumbing fixtures which prompted the irate landlord to come to the consulate only two days before and demand redress under the impression that she was an American citizen. With those facts before him the consul could only suggest that it would be to the best interest of everybody concerned if she would forget about that passport and stay far away from the American consulate.

Court adjourned.

On the dock at Alexandria, half an hour before the sailing time of a New York-bound liner, I heard wails and shrieks as if someone were being tortured. The cries came from a brother and sister, hardly in the twenties, who, with their mother, were to have boarded the ship. The father, living in America, had sent for his family. An hour or two before the sailing the steamship company's inspection proved that the mother had trachoma and she was, of course, refused passage. She insisted that her children should leave her behind; she would not permit her misfortune to keep them from their father—it should not bar them out of America.

The girl was literally carried aboard. The



overboard and slipping into 'the land of the free and the home of the good job.'"

The deserting crew scheme offered so easy a way to evade the immigration law that the act was passed requiring steamship lines to put up a \$1,000 bond for every man in the crew to make it worth while to the ship owners to guard against this wholesale absent-without-leave practice. Somebody is always spoiling a good thing.

In some of the countries the prospective emigrants are swindled by men who promise to break through the American restrictions at from five hundred to a thousand dollars a head. In most cases the sharpers have no intention of bringing the men to America; a pure and simple confidence game to get the money first and have them rejected. Many of the hopeful candidates decide to take matters into their own hands and go to the consular attachés direct with their money. They cannot understand that there are offi-

last I saw of the mother she was sitting on the floor of the dock, leaning against a steel column, her poor belongings in a pile at her side, a picture of hopeless misery. But what an example of sacrifice! I should say that children of that kind of mother will make good citizens.

Much of the time of consuls in cities on the traveled routes is taken up with Americans who "drop in" with no business mission. They want to see something American, something a part of America. They are just a bit homesick and are beginning to figure how many more days or weeks are to pass before their ship sails. Their usual excuse is to ask to see the newspapers from home. The consuls know them and are always more than considerate. There is another type of American abroad who never comes near the consulate unless a real emergency arises, the expatriate. At the beginning of the World War, in one city to which men and women retire from all parts of the world, they came out of their seclusion in droves. The consul told me that he had never seen them or heard of them before, but they became Americans again, and very quickly when trouble appeared. Many of them had come to the half-dead little town to forget and be forgotten, to escape something that had happened at home, and only real danger forced them to make themselves known, and when that danger came they could not get under the flag too soon.

Could This Happen at Home?

FORGETTING and being forgotten brings to mind a strange little community I stumbled into near the German border in Austria. Gmunden is its name and it lies at the outlet of a beautiful lake where the Austrian Alps have their beginning. About it, almost hidden from the outside world, are the homes of royal families no longer actively engaged in their profession.

In the little municipal opera house all the seats were occupied for an operetta by Lehar advertised to begin at 8 o'clock. At 8:15 such members of the orchestra as had arrived were still tuning their instruments. At 8:20 the conductor had not appeared, but there was not a sign of restlessness from the audience; everybody apparently willing to wait the night out if the management deemed it necessary. Then in the middle of the house a man arose. He was not a native. My guess is that he hailed from northern Germany—far north, toward Poland or Russia.

"What kind of cursed foolishness is this?" Those were the opening words of his little address to the audience. "This operetta was announced to begin at 8 and it's now half past. If we're expected to sit here all night looking at each other, please let me know now, for I can find a better way to spend my time and without paying for it; where the air is better, too. Is there, or is there not an operetta to be sung tonight? I have a right to know."

Could it happen at home? About ten words of it, yes. By that time the ushers, lobby police, the firemen, stage hands, ticket takers, electricians, mistresses of the wardrobe and press agents would have accumulated on, over and about the rush man, torn up seats and broken down doors in their haste to remove him. In this little Austrian theater the only protest came from his wife, who pulled on his coat, trying to stop him. He stopped when he had said what he wanted to say. The orchestra and the audience seemed quite interested and turned to look at him, but that was all. A minute later the director came in and after the first violin had related the incident to him in detail, the overture began.

No one hurt; one man's feelings relieved.

For many years the old Austrian emperor Franz Josef had his favorite hunting lodge up in the hills a few miles away. His summer court was at Bad Ischl, just beyond. Over on another mountain his wife, the Empress Elizabeth, had her forest and shooting box, now leased from the Austrian government by an English sportsman who comes there only in the deer season.

Next came the preserve of one of the Coburg dukes. Almost in Gmunden, in a modest villa, the Duke of Brunswick, the husband of the German Kaiser's only daughter, lives in seclusion. A mile away the Wurtemberg royal family are represented in a castle that looks like a substantial resort hotel. It's for sale, as are most of the others.

Right on the edge of the lake, a part of it built on an island, is the old castle of the Hapsburg Archduke John Salvator. Tired of being an archduke, about twenty-five years ago, he renounced his title, took the name of Johann Orth, bought a ship and with a carefully selected crew started for South America. That was the last seen of him, his crew or his ship. Long after his disappearance the old Emperor Franz Josef bought the castle and made it a training school for the eldest sons of Austrian foresters and game wardens, for which purpose the present republic still maintains it.

Back of the little town is another castle in a great park, the residence of the Cumberlands, who were the kings of Hanover—the family that supplied the incumbents for the English throne from George I to Victoria. In the 1860's Hanover became involved in a discussion with Prussia and when it was over the King of Hanover was Duke of Cumberland and the Prussians had a new province. The Cumberlands were so annoyed over the whole affair that they refused even to live in Germany any longer and came down to Gmunden and have made it their home ever since.

Scattered in between are the hunting places of no end of the nobility, but they hardly count. Great days for Gmunden and vicinity when affairs were still running smoothly for the big families. When the "public-spirited citizens" saw royalty drifting toward their town they built hotels for the everyday visitors who would be sure to follow.

Filled in Lake

THEY filled in the lake for a half mile or so, reclaiming a strip 250 feet wide, just as Chicago has done in its Lake Front parks, only Gmunden's population was five thousand instead of two million. This became the esplanade after it had been developed with trees and gardens. A casino, too, with restaurants, music halls, and around the corner a little theater and opera house.

Nobody can charge the Gmundenites with lack of confidence in the future of the old home town as a pleasure resort. That was fifty years ago and streets were alive with visitors with a heavy sprinkling of ladies and gentlemen of the various courts that found their headquarters there for a season of the year. There was venison for everybody.

Today there is hardly a sign of royalty to be seen. In the ancient hotel with its high ceilings, and wide halls and monumental staircases, life-sized portraits of the Austrian emperors and empresses, and dukes and duchesses, all in gala dress, hang in the dining-rooms and corridors. And there is an interesting piece in this hotel, a hydraulic elevator that was installed in 1872 and probably has never had anything done to it since. I was

told that its main claim for distinction is that Franz Josef used it when he visited the hotel fifty years ago.

To my mind it is unique in that it ascends and descends at approximately the same rate as the liquid in the tube of a thermometer. Guests starting for the third floor right after a late breakfast often make the round trip in time for luncheon. No one complains about it; the Austrian never complains. The national philosophy is to take things as they come. In five weeks with these people I have never heard one make a protest, nor did I see anything that resembled an argument, and I observed incidents that would have caused fair-sized riots at home. For instance: Fifteen people in a motor-bus starting on a 75-mile, all-day tour through the mountains and along the lakes. Ten miles out, on a main road, a motor truck with a trailer blocks the way, at a narrow point, a stack of cord-wood on one side and a ditch on the other.

A Testing Ordeal

"THEY'RE making a test of the cost of hauling the wood to town by truck against horse-drawn vehicles," the driver reports after investigation. "They'll be through loading in about fifteen minutes and pass us up here." By backing a hundred feet they would have made it possible for the bus to pass. No one even suggested it. I think the driver would at once have agreed to the proposition.

Half an hour later they are still loading; four cars now waiting, and everybody happy. Passengers of the lighter cars begin to build a corduroy road around the truck, permitting their machines to pass. Passengers in the touring bus, after interested observation of the test, decide to walk ahead; after a half-hour's walk it begins to rain; ten minutes more and we reach a village with an inn. Food and drink ordered all around, although it's far from noon. Still raining. Bells ring and villagers in Sunday clothes head for church—feast day. Now an hour and a half since the blockade began, but no mention of it.

Part of the tourists decide to go to church, leaving the others to stop the bus on its arrival. Two hours and a quarter after the truck owner had announced that he would clear the way in fifteen minutes the bus pulls up at the inn. After loading, the truck was unable to move, so they jettisoned a part of the wood. Twenty feet farther one side left the hard road and then they unloaded the rest of it.

No one in America will believe it, but I heard only one complaint and that was from a German. He said it would have meant jail in Silesia, his home. In a country I know it would have meant taking apart the truck, the woodpile and the crew. In Austria it was simply two hours out of a holiday excursion for which they had paid in advance; the pleasure of fifteen people blocked by one man who selected the narrowest part of the road for a transportation experiment. Not a thing for irritation; Austrians don't believe in irritation.

My Knowledgeous Friend, who has a reason, or an explanation, for everything, says this lack of resentment, this uncomplaining acceptance of conditions, this absence of irritability, of combativeness, on the part of the Austrian is a natural result of his national history in the later centuries and now reflected in the character of the people.

"In fact, in the last few hundred years, there has been hardly a single instance when Austria has not come out second best when involved with another nation," was the way he put it. "Once the mightiest power

on the continent, it has been whittled away to a shred of itself. An Austrian general once said, 'Even when we win a war we usually wind up by losing a fine province.' They are the unlucky nation apparently and have become resigned to it.

"But, very sensibly, they seem to know that there is no good in adding bitterness to their resignation. Instead, with a full realization of their position, they are hoping for something to happen that will bring better days again. Meantime they are going to make use of any opportunity for a smile, a laugh, that may happen their way."

Make the best of things; they are bad enough as they are. That may be the Austrian philosophy as a whole. They are the kindest, friendliest people I have ever visited, and this lake and mountain district, almost unknown to Americans, is delightful for a tourist who is not in a hurry. The humblest cottage has its garden brilliant with

flowers, and often apricot or pear trees, heavy with fruit; the apricots, gold and red, are trained on latices to cover the walls.

I often walked over a hill to look at a little farmhouse with particularly attractive flowers. One day a little old lady came to the door and asked me to see her garden. She was past ninety and she and her husband had full care of the flowers. In a few minutes he came out—he is ninety-three and quite spry—and turned on a little fountain. Then he went back into the house without a word—he felt that his part of the entertainment needed no words. She led me to a cement miniature of the Traunstein, the highest peak there. When her husband was no longer able to climb through the hills he built his favorite peak in a corner of his hedge. They were going to celebrate their sixtieth wedding anniversary within a few weeks.

Without children, they made a contract with a farmer whereby he was to take care

of them for the rest of their lives, and to receive the house and little farm when they died. One provision was that they should be given all the milk, butter and eggs they required. Regardless of life insurance actuary records I feel they are going to outlive that farmer. Neighbors say he has not been feeling so well since the old man began to build his mountain.

Down the slope is an ancient building, with tower, walls and chapel. Once it was an orphanage, now it's a home for the aged poor. Under a tree sat a very old and decrepit woman. They told me that she had been reared in that building, as an orphan, spent more than seventy years out in the world and now had drifted back to the very place where she started. Beginning in an orphanage and ending in an almshouse—what a life!

She seemed quite as cheerful as the little people in the garden up on the hill.

What Shall We Do With the Convict's Labor?

WHAT to do with the convict is still an unanswered question. There is a general agreement that he ought to work, that idleness isn't for his or the public's good. Most men would agree that his work ought to be productive, that the day of treadmills which ground nothing and cranks which were only made to turn is past.

Yet there is a strong and just protest when the unpaid or low-paid convict labor enters into competition in the open market with the product of free labor.

Where draw the line? That's a question which has engaged the attention of the directors of the United States Chamber and of which they asked the Department of Manufacture to make a study.

Convict labor affects many lines of manufacture, but the industry chiefly affected is the garment trade, and chiefly along the line of work clothing. In 1923 some \$45,000,000 of prison-made goods were sold on the competitive market, and of this amount 42 per cent or about \$16,500,000 worth was clothing.

Resolution Is Adopted

IT WAS naturally the garment manufacturers who called the Chamber's attention to the question of unfair competition. After some months of study the Department of Manufacture reported to the directors, who at a recent meeting adopted this resolution:

The Board recognizes that an advanced social conscience demands that the first requirement of penal institutions shall aim at the maximum character improvement of its inmates. To this end prison idleness is unthinkable; but we believe care and study can devise some proper measure both of educational training and of prison employment, the production of which shall be devoted primarily to state use and not for general sale. The Board affirms its conviction that every effort should be made to adapt prison-made production to the necessities of the state's own use and that it would be particularly unfair to private industry to unnecessarily compete with state goods which are the production of involuntary labor.

The Department of Manufacture of the Chamber is requested to make a further study of this subject in contact with those engaged in prison management and those interested in prison welfare, as well as all forms of outside industries in order to formulate a practical program of enlightened prisoner treatment without undermining the spirit of resourcefulness in private enterprises.

The Board's resolution is a recognition of the many-sidedness of the problem. It cannot

be approached solely from the standpoint of the manufacturer nor from the standpoint of the convict. The public has a double interest. It wants crime lessened as well as crime punished. It wants men to leave jail better than they went in. The public has also a financial interest. Can a prison be made a profit-paying institution and taxes reduced? But should forced and unpaid labor be allowed to meet in the open market free-paid labor? All these and other questions come up.

Grant that the convict should work, what should he work at, and how? These seven ways have been tried:

Lease.—Where the convict is hired out to a lessee who assumes complete control of him.

Contract.—Where the convict's services are hired out for an agreed number of hours daily, but the state maintains the discipline.

Piece-price.—Where the state maintains the prison factory, the contractor furnishes the raw material, and the state does the work and receives payment per piece.

Public account.—Where the state goes into the manufacturing business and sells on the open market.

State-use.—Where the state manufactures in its own prison industries but disposes of the product only to institutions maintained in whole or in part by the state.

Public works.—Where the state uses the labor of its convicts to build public highways and buildings.

States-use.—Where the state manufactures on its own account and consumes as much of its product as it can, and then disposes of the surplus not on the open market, but to institutions of other states.

The first is obsolete. The second, third and fourth are the ones to which industry has the most reason to object. Of all, the state-use system seems to meet the least objection; yet it has highly controversial points. How far shall we extend the term state-use? Let the convicts make their own uniforms and shoes. Well and good, but that doesn't take all their time. Let them make the clothing of inmates of other institutions? Perhaps. Let them make the uniforms of the state militia? More doubtful in the minds of many.

That is a fanciful but here is an actual case from the report of E. W. McCullough, as chairman of the Department of Manufacture of the U. S. Chamber of Commerce.

The National School Supply Association of Chicago, Ill., having in its membership a large number of manufacturers of school furniture, is alarmed at the increasing development of the state-use system. Their attitude is that it is proper for the states to make equipment for hospitals, penitentiaries, asylums and poor houses, but fear the movement will gradually extend to the production of equipment for schools. They believe that if state-use production is to any degree concentrated on school equipment, it will put out of business a number of manufacturers now relying for a large portion of their business on the demand from public schools. Yet what would be their predicament if their goods were made by a well-organized group of prison contractors as in the work garment lines.

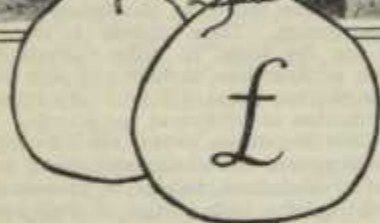
What is needed is more study and a working out of an answer to the question on the lines of the Chamber's resolution, with the education of the convict as the primary thing and the money profits of his work as secondary. It is to this end that the Chamber and its Department of Manufacture seek to contribute.

Trade Needs Treaties

IT WAS not a Terrible Turk that threw Strangler Lewis out of his American heavyweight championship at the start of the new year: it was another native son from the heavyweight-wrestler belt west of the Mississippi. As a matter of fact, the Terrible Turks have not seemed so terrible of late. And right at this period of history the matter of chief moment in our relations with Turkey appears to be not the wrestling championship but rather the ratification of a general treaty of amity and commerce.

The old treaty basis of Turkish dealings with the rest of the world was swept away at Lausanne a couple of years ago. The other countries have signed up and got going under the new rules. We have signed up but not going. We do a lot of business with Turkey; we draw many essential supplies and articles of luxury from Asia Minor and the Black Sea; and in turn we supply the Ottoman with innumerable goods. That is why business men now doing business with Turkey—in the face of ample competition from other countries and looking to the future development of greater business—are urging on the Senate the ratification of the pending Turkish treaty.

European capital—somebody's savings—built our railroads and made possible the development of the West



The Case for the Investor

By RICHARD F. GRANT

President, Chamber of Commerce of the United States

Illustrations by John E. Jackson

THE CHAMBER of Commerce of the United States has said this thing—"The function of business is to provide for the material needs of mankind and to increase the wealth of the world and the value and happiness of life." I have sought in an earlier article to demonstrate that business, as now constituted, does provide for the material needs of mankind, and that as a system and method it comes out of the experience of the ages.

Now, clearly, it is absolutely essential that the material needs of mankind shall be provided for if mankind is to survive. If our present business system fulfills its function, it is entitled to careful study and analysis in order that we may not only understand it as a whole, but also have a proper appreciation and valuation of its constituent elements.

These constituent elements are investors, management, employees and the public. If any one of the four is eliminated, business, as now constituted, will be destroyed.

The investor provides the capital which in turn provides the plant and equipment, tools and facilities and working funds, without which business cannot function.

Management provides the judgment and vision, which organizes and makes real business opportunities and carries them to their successful consummation.

Employees furnish the skill and labor which are required to provide for the material requirements of mankind.

The public furnishes the consumers who take and use the material benefits which are fashioned and produced by the investor, the employee and the manager.

Now it goes without saying that the equipment and tools and working funds of industry

must be provided from some source before industry can begin to function, and that industry must be put in funds to acquire these things and to carry out its own proper purpose or it cannot function. It also goes without saying that since these funds must be provided from somewhere they must come from the source where they are. It, therefore, becomes a matter of great interest to find out where these funds are.

There are those who preach that capital, which means the investor, has nothing in common with labor, which is the employee; that these two interests are antagonistic, that capital, which means the investor, should be destroyed. It becomes, therefore, a matter of unusual interest to determine who the investors are so that we may find out who is at war with whom and who it is that is to be destroyed.

Therefore we should first ascertain who the investor is. A determination of this question will clearly start us a long way in reaching correct conclusions on the subject.

In the spring of 1924, the Department of Commerce announced that it had found that the wealth of the people of the United States at the beginning of 1923 was \$320,000,000,000. Any such figure has to be an estimate, and as an estimate the Department of Commerce's \$320,000,000,000 is certainly as good as anyone has produced. Such a figure writes us down as the wealthiest people the world has ever known.

In an earlier day and generation that sort of statement might be made with the ring of a boast. Wealth was chiefly something stored up for use in the future. It took the form of husbanded food supplies or hoarded treasure and jewels. It had a future usefulness, perhaps, but meanwhile it was out of use.

If that was the nature of our wealth today, the figure of the Department of Commerce would not be so far into the hundreds of billions as to overtax our imagination and we should still be in the poverty-stricken condition of the American colonies, in which there was a constant cry for capital and every-day transactions had to be on a basis of barter. Only a hundred years ago a Secretary of the Treasury, apparently despairing of private enterprise finding enough capital in other ways, discussed the possibility of loans from the public treasury without interest to encourage manufactures.

The wealth of the people of the United States in 1924 is the nation's capital. All of it contributes in one way or another toward the production of further wealth, and that is the great characteristic of capital which marks it as wholly distinct from the hoards out of which the landed proprietors of an earlier era might at most dispense largess to a starving peasantry.

Since that day wealth has been transformed and has been put to work. Today, almost every portion of the \$320,000,000,000 of national wealth reported by the Department of Commerce is contributing toward the maintenance and improvement of the national efficiency and of the national civilization. Wealth is now a measure of economic utility. When we now say we are the wealthiest people of the world we do not mean rich in the sense of bygone generations, but rich in the means of making life more worth living for all our people.

About 7 per cent, or something like twenty-two billion dollars of the round figure of three hundred twenty billion, is exempt from taxation. The remainder, which today easily exceeds three hundred billion dollars, is pri-

vately owned, and that ownership was never before so exclusively American as now.

In our early days when the country cried out for capital some foreign money was forthcoming to start iron works, finance lumbering, and support shipbuilding. Eventually, though, when the brilliant commercial enterprises by sea of our early days declined, their capital was largely diverted to domestic industry, to the advantage of industries however much we may regret the passing of our great seafaring days.

A little later, foreign capital came to our help on a much more extensive scale. As early as 1832 our railroads were going to Europe for funds. Their perspicacity is attested by a European financial authority who has declared that capital wisely expended upon new railways through districts containing fair agricultural and mineral resources brings about an annual production of wealth much more than equal to the total amount of capital spent upon the construction of the railways. The capital needed for the direct development of agriculture, for mining, for house building, for manufactures, and for trade is chiefly provided by the inhabitants of new areas themselves. Before the World War broke, European investments in the United States, mainly in railroads, totaled at least \$6,000,000,000. In effect that investment has now been taken over by us, and since the war we have lent foreign countries upward of \$3,000,000,000. If the proceeds of international loans are wisely used, their effect is always to cause new economic activity.

Difficult Steps Are Behind

OUR NATIONAL accomplishment has, therefore, been to progress from a stage in which the crude means of subsistence were abundant enough, but our want of capital caused travelers to think us terribly poor. We passed through the steps of difficult development and heavy borrowing to a position in which we have brought what were once luxuries into the lives of all our people as commonplace conveniences, we have paid our foreign debts, and we are ready not only to con-

tinue our own development, but to aid other parts of the world.

When we look back over the whole period of our development we may perceive national mistakes which resulted in setbacks. The path of progress is never straight. Its trend is the thing that counts. Throughout our history our trend has been unmistakable. We began the establishment of our present economic life when we had few private fortunes and little inherited wealth. The savings of our own people out of their frugal incomes started us on our way. The men who actually did the work in our first manufacturing concerns—the workmen themselves—the owners of small water mills, and the owners of small shops invested in their businesses everything they could save and the enterprises they fostered with their savings became the large businesses of a later day.

By toil and sacrifice a forge was thus made into a steel works and a tiny New England enterprise making candle wicks was transformed into a series of great cotton mills. From the small slaughter houses we have passed to the great packing plants of today and traffic on Fifth Avenue, New York, is no longer thrown into confusion by droves of cattle. The old-time shoemaker made possible the manufacturing plants that turn out over 300,000,000 pairs of shoes a year.

A few miles of wooden track over which horses hauled a fantastic car have been extended into a great railroad system. A wooden schooner uncertainly and slowly carrying a few bushels of grain on the Great Lakes has been transformed into a steamer which carries three or four hundred thousand bushels at a cost of a few cents a bushel. The acquisition of capital through the laborious process of saving it has made our agriculture what it is today, with almost four billion dollars invested in implements and equipment which enable us to produce wheat with but one-twentieth the human labor our ancestors had to expend.

There is not an industry or

facility which has not been nurtured and developed through self-denial, that there might be increase in the capital adding to its productiveness.

Our first capital was acquired through saving. The product of its application was conserved that capital might be increased. As a people we bent every energy to that end, and it has been calculated that for a hundred years we have now managed at least to double our productive capital every decade.

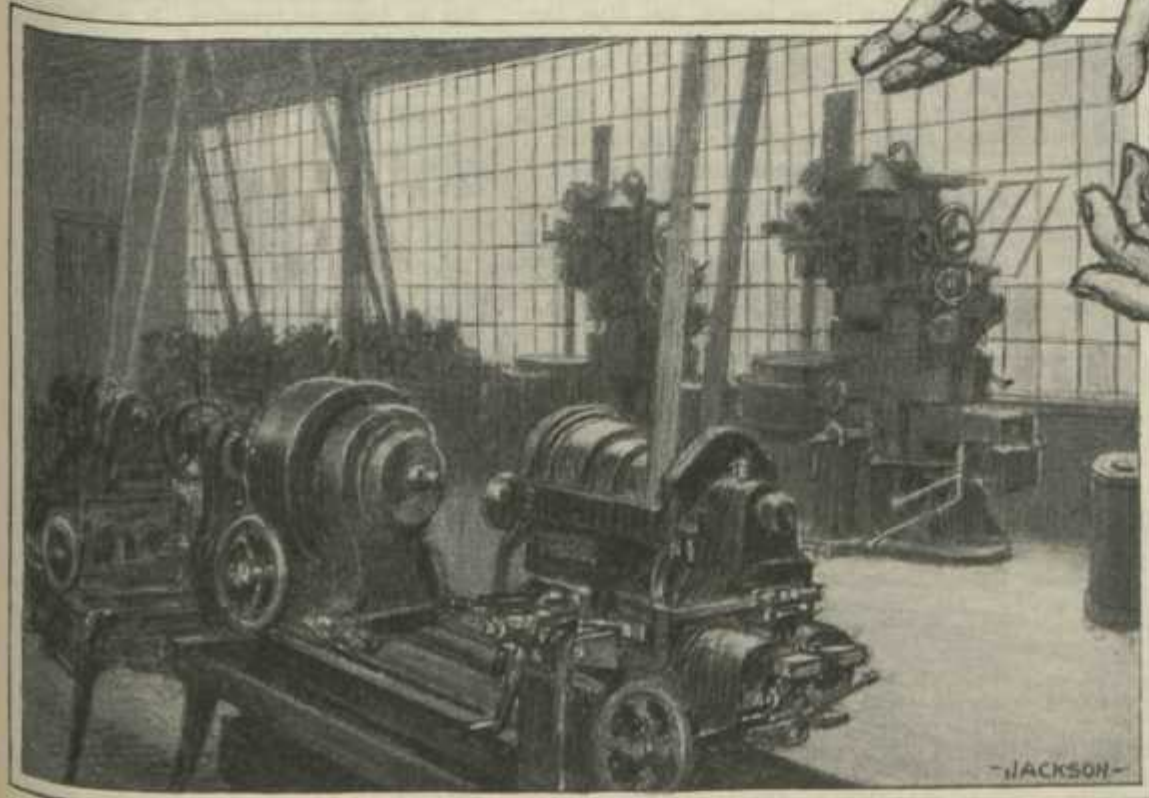
Felt Want of Capital

THE INSTINCTS of our forefathers were sound. They felt the cause of their bad condition was want of capital—want of the means to make their physical labor more effective in production. They set to work with unremitting determination to make good their deficiency. By 1860 the mathematicians discovered that in the preceding ten years the wealth of the country had on the average each year been increased by \$33 for each member of the population. Such achievement was looked upon as well-nigh magical. In 1900-1904 it was, however, almost doubled, being \$57. Now that we have the figures, we find that the yearly average increase of wealth per capita in the decade ended with 1922 was eighty-four dollars of the value of 1913—i.e., after correction has been made to offset the decrease in the value of the dollar under war conditions. Even in the midst of the handicaps of war and the difficulties of post-war readjustments, we have continued and made more pronounced the national trend of progress.

Such figures explain how it comes we can put half a billion dollars a year into improved highways—new money that produces



What good are hands if capital—somebody's savings—does not furnish the machine?



—JACKSON—

more values in the way our railroads have added to our wealth—how within a short time we can put into use automobiles that have a present value of four and a half billion dollars; how we can add yearly to our railroad and telephone facilities at costs mounting into high figures, how we can pay in taxes, local, state and national, close to \$7,000,000,000 a year.

To prepare for the future, we have to save over 10 per cent of our annual income. Otherwise, the wear and tear

and obsolescence of the existing equipment that makes our lives so different from the lives of our forefathers would overtake us and return us to a condition of abject poverty. The contrast between our present condition—the present condition of the poorest of us—and the condition to which we should be reduced if we were deprived of our accumulated savings would exceed anything our imaginations are able to picture.

There is significance in the form our wealth takes as well as in its amount. Thirty years ago no less than 60 per cent was in land and its improvements; that figure has now fallen to 47 per cent. A generation ago the railroads constituted 10 per cent of our entire wealth; they now make up 6 per cent. In twenty years, however, the value of our manufacturing equipment outside of the land and buildings that are used has risen from \$2,500,000,000, or less than 3 per cent, of the national wealth, to more than \$15,000,000,000 or almost 5 per cent. During the same period the value of the stocks of materials and merchandise held to meet the country's need rose from 17 per cent of the total wealth to 23 per cent. In these figures there are clear indications that we are not only making steady progress in adding to our wealth, but that we are all the while turning more and more of our wealth into forms which are directly productive.

Wealth of Nation's People

THE WHOLE \$300,000,000,000 is ordinarily called the national wealth. This description was originally given thoughtlessly, without doubt, and in default of some term that would better suggest the collective private wealth of the persons who make up the country. Yet national wealth happens to be very accurately descriptive.

It is not national in the sense that it is held by the Government, but in the sense that all the people of the United States, the whole nation, derive benefits from it, have their lives made more interesting to themselves and more useful to the community—indeed, according to the testimony of the experts, have their lives actually made longer.

Although there is this national interest, there is private ownership of the wealth. If private ownership needed any defense as an institution it would be found in its success in the United States. That success appears not only in the manner in which wealth has been made productive, but in the widespread participation in its ownership which we have achieved and maintained.

Since all of the national wealth contributes to our economic welfare, every participant in the ownership is an investor. This is regardless of the form his participation may take. It may be a piece of farming land, and more than 3,500,000 farmers own the land they cultivate. It may be a home in town or city, and over 7,000,000 such homes are owned by their occupants—40 per cent of all such homes, a percentage that has been going upward for years. The farm owner, the owner of a home in a city, the 1,500,000 retail dealers with their stocks of merchandise, the 2,000,000 craftsmen, each of whom owns tools of his trade—all these and many more are participants in the ownership of the national wealth. Each one of them owns property that has utility for production. Consequently he is an investor. As an investor, he wants his property—his share in the national wealth—conserved and safeguarded.

Such an attempt to gain an idea of the investors of the United States—of those who participate in the ownership of its productive

wealth—is necessarily incomplete, for it leaves out of account the part played by our corporations.

How great a part corporations have in our economic life it is difficult to grasp. Taxation, however, has produced some figures as a by-product. In 1922 there were 326,000 corporations which filed returns for the federal tax on capital stock. These corporations had common and preferred stock aggregating at par \$71,000,000,000, and the officials of the Government found that the fair value of this stock was \$73,000,000,000. If there is added the borrowed money corporations use the total value of the wealth they employ would be around \$100,000,000,000.

The distribution of the country's corporate capital by kinds of business has incidental interest. Forty per cent was in manufacturing. Fifteen per cent was in railroads and other forms of public utilities. Eleven per cent was in wholesale and retail trade. Nine per cent was in mining and quarrying. About 8 per cent was in banking. The remainder was in a great variety of forms, and some of the figures are surprising. For example, the capital stock of corporations engaged in agriculture, which is a field where individual effort is characteristic, proves to be as large a part of the whole as the value of the stocks of all companies operating hotels and theaters combined.

The amount of business transacted by corporations also suggests the part they play. The income tax produces figures, too. These figures show that the country's corporations now do a business of more than \$100,000,000,000 a year—\$6,000,000,000 or more in mining and quarrying, \$56,000,000,000 to \$60,000,000,000 in manufacturing, \$2,000,000,000 or \$3,000,000,000 in construction, \$9,000,000,000 in transportation and other public utilities, upward of \$31,000,000,000 in trade, and so on.

These are the gross receipts. What is left after all of the bills and obligations have been met is another story. In 1921 there was not anything left. Before paying federal taxes, let alone dividends, the corporations of the country as a whole had left but \$457,000,000 net income, or one-half of 1 per cent, of their gross income, and after they had paid their federal taxes they collectively had a deficit of \$244,000,000. It is fortunate that such years as 1921 do not occur frequently; otherwise, our national wealth would shrink as rapidly as it has grown.

Idea of Limited Liability

THE CORPORATE form of enterprise could never have attained such a place in our daily lives if it had not been for development of the idea of limited liability; that is, that stockholders may lose only the amount they have invested. Corporate capital stock in the United States aggregating \$70,000,000,000 at par can be assumed to be divided into approximately 700,000,000 shares. The number of shares owned by individuals is less, but how much less there is no way at present to measure. The dividends received by individuals, however, make up a considerable percentage of the personal income which is received in the country and reported for the federal income tax.

That percentage is not now so large as formerly. For 1917 it was 23 per cent. For 1918 it was 14 per cent. By 1920 it had become 10 per cent. Meanwhile, wages and salaries, which had accounted for 30 per cent of the individual incomes reported for taxation in 1917, had become 57 per cent in 1920 and 59 per cent in 1921. It would seem clear that stockholders of the corpora-

tions that transact a good part of the business did not receive any such increase in income on account of their investments as occurred in wages and salaries.

The gross amount of dividends reported as received by individuals was actually less in 1921 than in 1917 by \$500,000,000, in 1921 standing at \$2,250,000,000. The suggestion has been made, however, that corporate earnings are in good part held back. Last January the Secretary of the Treasury, after investigating at the request of the Senate, reported that the corporate returns showing a profit of \$2,000 or more in 1922 disclosed that, even immediately after the disastrous year of 1921 and at a time when many companies had deficiencies in capital to make good, corporations generally paid out in immediate cash dividends over 60 per cent of the net earnings they had left after paying taxes. That is as large a percentage as the economists have figured for 1910, when the federal income tax was not in existence to cause superstitions as well as tangible troubles.

Shareholders Are Customers

AS HAS already been remarked, the exact number of persons who own shares in corporations cannot be determined. At the same time, we can confidently say that it is very large. In the country's telephone systems there is ownership on the part of almost 350,000 individuals, more than the population of Indianapolis. The stockholders in one of our large railroads number 144,000; they are more numerous than the population of Des Moines, Iowa. It has been said that the stockholders in all of the railroads number 863,000, or more than the whole population of any one of fifteen states. If only the very incomplete figures that are available are summed up, we quickly get above three million. In this number are included both hundreds of thousands of customers of corporations who have bought their stock and other hundreds of thousands of employees who have invested their savings in the stock of the company for which they work.

Both of these classes of stockholders maintain an American tradition. It is impressive to find 14,000 employees of a packing house owning its stock, 30,000 employees of an electric manufacturing company who have put their savings into it, employees of a steel company who in one year have bought 255,000 of its shares. It is not strange to discover such records as that operatives owned \$60,000 of the stock of one of the successful early textile concerns.

When all the individual stockholders in our corporations have been taken into account there has not been brought into the reckoning a large body of our people. These are our people who have diffidence in their own judgment in making investments, whose accumulations are too small for direct investment, or who for some other reason make use of the convenience of our banks for receiving savings. Last autumn it was estimated that at the end of 1922 the banks of the country had no less than 30,000,000 savings accounts, with deposits of \$17,000,000,000. These are large figures, but the figures for today would be still larger. On August 1, the Federal Reserve Board announced that reports from banks in all parts of the country indicated savings deposits had increased by 2 per cent in one month—a great accomplishment even though probably stimulated by the recession in business activity that characterized the early summer of 1924. It would seem that all savings deposits

today are at least \$18,000,000,000. In other words, this large sum is in the hands of banks for investment in large measure for the account of the depositors.

There remains an even larger group of our people who have provided for investments. No less than 40,000,000 of our people are carrying insurance upon their lives, in large amounts or small. From the premiums they pay the companies must prepare to make the payments for which the policies stipulate. The policies now in force call for payments which would aggregate, if all made at the same time, \$60,000,000,000. To meet these payments they now hold something like \$9,000,000,000. According to the latest figures, 44 per cent of this sum was invested in stocks and bonds, about 18 per cent was lent to farmers, almost the same percentage was lent upon other mortgages, 13 per cent was lent to the policyholders themselves, and the balance was on hand.

It is interesting to note that our labor unions are becoming large investors. We see them investing in city property and erecting large and imposing office buildings. We see them in increasing measure entering the banking field. It is hoped that labor

will more and more enter the open field and become interested in ever-increasing measure on all sides of the business structure. This can only lead to a better understanding of all factors involved and is a new sky sign with much promise.

Since the days when we were a poverty-stricken people because we had not the means to give productive aid to human labor we have accomplished great things. We set about mending hard conditions by careful saving and we forged ahead despite trying days such as, for example, are said to have caused loss of all of the capital previously invested in the woolen industry and that period of ten years during which one-third of the iron-working concerns in Pennsylvania are reported to have been sold by the sheriff. To support our effort we have moulded institutions like banking and insurance until we have made them adaptable to our conditions. When we come to look at the measure of our accomplishments, the wealth the country has at its disposal, we find we have made great progress, thanks to the investor, and with us his name is legion. And so the demagogue who would destroy the investor is indeed dealing with a rather large company.

The 7,000,000 home owners, the 3,500,000 farm owners, the 1,500,000 retail dealers, the 11,000,000 automobile owners, the over 3,000,000 stockholders in our corporations; the 30,000,000 savings account depositors; the 40,000,000 persons whose lives are insured and so on until you will have enumerated every person with the integrity and character to work and save and possess something. The investor is almost everybody. And it goes without saying that every investor not only wishes to have what he has gained conserved, but also wishes to increase his status as an investor. That fact argues a lot. You can't get up much valid argument against a system which has created over \$300,000,000,000 of widely distributed wealth; you might want to talk a little about the distribution, but you won't destroy your own and everyone else's possessions and then follow some patent medicine demagogue on a short cut to imaginary bliss.

(Editor's Note: This is the second of a series by Mr. Grant; the first, "The Case for Business," appeared last month. Two others, "The Case for Management," and "The Case for the Employee," will appear in the March and April numbers.)

America's One Tramp Railroad Train

FREE lancing in the railroad business has gone out of style. To railroad men of the present generation, grown up with the strictest of operating rules governing the use of tracks and the movement of trains and with the watchful agencies of the United States Government and forty-eight somewhat sovereign states governing almost everything else, the fact that a man ever did "general hauling" with a tramp railroad train will seem utterly fantastic.

And yet it was but little more than half a century ago that J. H. Latimer, conductor on the Nashville & Chattanooga Railroad and still living in Atlanta, took an engine of that line into the Carolinas, there to spend nearly three years hauling for all and sundry over such tracks as were usable and not in the possession of hostile troops, and finally returned to Nashville, bringing with him not one engine, but two, and a string of cars beside, to say nothing of more than a million dollars in currency collected during his individual operations to be turned over to the treasurer of his railroad.

There was in fact a barrellful of the money, but unfortunately it was Confederate.

When Joe Latimer was twelve years old the eagerly awaited railroad came through his country. That was in 1851, when the Nashville & Chattanooga road was being pushed southeast from Nashville. The whole territory through which it was to run was on fire with eager curiosity and welcome, and so when young Latimer was taken to La-vergne to see the first train, he found "ten acres of people" out to see it.

The first engine that young Latimer saw was the sort of engine that could be hauled to Nashville on a Cumberland River steamboat and then be dragged by horses through the streets to the end of the tracks a mile away, but when he looked upon it he decided that he was to be a railroad man. Five years later he went to work for the railroad, and when the Civil War came, it found him passenger conductor between Nashville and Chattanooga, then a nine-hour run.

He attempted to enlist in the Confederate

army, but was put back to railroading, hauling freight for the Government. Through the first three years of the war he hauled back and forth on his own railroad until Chattanooga fell into Sherman's hands.

In the fall of 1863, when he was in upper East Tennessee, hauling salt from the Virginia mines, word reached him at Knoxville that Lookout Mountain and Missionary Ridge had been captured and the Confederate armies were falling back on Dalton, Ga.

Latimer took his train over the old main line of the East Tennessee, Virginia & Georgia to Dalton, where he joined Johnston's army. For eight months after that he was hauling supplies between the army and its base at Atlanta, a line that was constantly shrinking as Sherman relentlessly drove Johnston back.

Finally, with the fall of Atlanta, Latimer and Engineer Watson cut loose and took the engine, "John C. Calhoun," on its Carolina odyssey. Wilmington knew them and Charleston and Augusta and the towns in between. During this period most of the hauling was done for the Confederate Government until, in December, 1864, the wandering train was marooned at Newberry, S. C., first, because of washouts, and then, when the washed-out tracks had been repaired, because General Sherman had turned north from Savannah and had cut the lines in all directions.

Flight of President Davis

AT NEWBERRY, he met Miss Adel Kittleband, "refugeeing" from Charleston, and when he returned to Tennessee he took her with him as his wife.

In April, 1865, after Appomattox, President Jefferson Davis and his cabinet reached Newberry in their flight from Richmond. They called on Latimer to get them to Abbeville, S. C.

While Watson was getting up steam in the "Calhoun," dead since the Christmas before and rusty, Latimer hunted around the yards and found a coach and a baggage car for what turned out to be the last railroad ride in the

flight of the President, which ended shortly afterward with his capture at Washington, Ga. Through the night, over a track that four years of war had left dilapidated beyond description, the little bob-tailed train rocked and careened and jerked and jolted the seventy-five miles to Abbeville, where it delivered its passengers at daybreak.

It was more than a year later, in the late fall of 1866, that Latimer and Watson started home with their tramp train. They had been doing local hauling with the "Calhoun," but at last word came that the broken links in the lines had been closed all the way to Nashville and that they could get through. They loaded up and started for home.

On the way, near Kingston, S. C., they spied another engine of their own road and several cars, apparently sitting out in the woods. On examination they found that the track on which they had been run there was gone, but that if track could be put through to them they could be salvaged.

With that readiness of resource that seems to have characterized the whole expedition, they unceremoniously took up enough of the track they were then on to build a spur out to the isolated train, backed down their newly built spur, got hold of the train, hauled it back to the main line, replaced the track where they had gotten it and went blithely on their way to Nashville, taking their engine and its increase along with them.

It is hard to realize the way that engines of southern railroads wandered around during and just after the war. One of the locomotives that pulled President Lincoln's funeral train from Washington to Springfield was the "Nashville" of the N. & C. road.

He is president of the "Old Guard" of the railroad, composed originally of those who had served the road before the Civil War. Among members of that organization were faithful black men who had "belonged" to the railroad corporation before the war and continued to work for it for half a century afterward. Captain Latimer is a living link with a railroad past quite recent in calendar years, but in every other way inconceivably remote.

The NATION'S BUSINESS

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MERLE THORPE, Editor

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Can Taxes Be Made More Uniform

FLORIDA promises, by vote of the people, never, never to tax incomes or inheritances. Thus a cordial welcome is extended to rich folk to move in and make themselves at home.

Meanwhile Wisconsin and other western states bear more and more heavily upon wealth, both productive and non-productive. And many states levy mean and harassing inheritance taxes even upon the poor, some of them on legacy as low as a few hundred dollars. The federal estate tax, no doubt now a permanent part of our fiscal system, is the same no matter where you live. But its relation to the various state taxes, and the duplication and pyramiding of state taxes, make chaos.

Seven years ago a conference of forty-four states recommended that the Federal Government and the states get together on this matter of revenue laws. President Coolidge said in a message last spring:

I believe also it would be advisable to call a conference of the taxing authorities of the states and the Treasury, before the next session of Congress, to give consideration to some comprehensive plan of division in this field of taxation between the various states and the Federal Government, and the elimination of overlapping and unfair taxes.

In the present stir over publicity of tax returns, and the demand for further reduction of federal taxes, we must not forget this important job of untangling the crossed wires.

The F. T. C. Gets After Labor, Too

LABOR UNIONS have not been much disturbed by the Federal Trade Commission. Now that the Commission has been proceeding against a union of workmen in the photo-engraving trade and an organization of employers, alleging that the two combined to fix prices the public should pay, the union has refused to accede to the Commission's demand that it produce the minutes of its meetings for examination.

Apparently wanting the minutes to throw light upon "Clause 10," under which the union is alleged to have undertaken to allow its members to work only for concerns that had membership in the employers' association, the Commission has appealed to the courts to compel the union to produce the minutes. Through this case more light may be thrown upon the powers of the Commission.

A Boundary Fixed by Nature

"BOUNDARIES are lines drawn on maps to make them look pretty," an exporter friend of ours was fond of saying before the war—meaning that they should not scare the prospective exporter.

But today, boundary lines are troublesome all over the world.

Up the Fraser River, entirely in Canada, breed the best Sockeye salmon for canning. On their way to the breeding grounds, these salmon pass through Puget Sound, which is our territory. So American fishermen have been getting the first chance at them, and catching many more than the Canadians.

Our neighbors have established hatcheries, where young salmon are raised and liberated. They limit their fishermen to gill nets, prohibiting seines and traps. For a dozen years

they have been trying to persuade Puget Sound fishermen to cooperate in these measures, but ineffectually. Now the Fraser River Sockeyes have been fished out to an alarming extent, the pack on both sides of the border being less than half what it was ten years ago.

Nature clearly drew a boundary line here. The artificial boundary does not fit the situation.

We can cooperate with the Canadians, prohibit seines and traps, quit fishing ten days in July to let enough salmon go up the river for breeding—perhaps even bear a share of their hatching expense. Then we will be working with Nature, and get fish. Such measures have already been applied to a number of our own salmon rivers by Secretary Hoover. If we insist, however, upon working by the artificial boundary line drawn on the map to make it look pretty, eventually we will be without fish—and have only the resentment of good neighbors.

Helping the Poor Taxpayer

BROKERS' STATEMENTS appear not to be well understood, either by the Bureau of Internal Revenue or by taxpayers. Because of transactions in stocks and bonds during 1920, a taxpayer concluded from his brokers' statements that he had sustained a loss of \$10,300. The Commissioner of Internal Revenue deliberated long over the same statements and said the loss was \$2,000, and that the taxpayer should forthwith pay a "tax deficiency."

The taxpayer went to the Board of Tax Appeals, for the benefit of the Bureau and the taxpayer. The Board computed painstakingly the different items of loss as shown in the brokers' statements, and demonstrated that the loss was \$9,700.

This is not the only way in which the Board of Tax Appeals is coming to the aid of taxpayers. In a recent case the Commissioner of Internal Revenue contended that a taxpayer should not be permitted to raise before the Board questions he had not raised before the Bureau.

The response of the Board was that a taxpayer may bring into the proceedings before it any matter that is relevant to the liability to tax, since the Board has the function, independently of the Treasury and every other governmental agency, of getting at the real facts and applying the law to them. Besides, the Board announced that it considers it has power to decide, not only what the tax should be, but whether or not a penalty assessed by the Commissioner in connection with a demand for additional tax is justified.

Paying for Hydrants and Boots

FIRE HYDRANTS lead a strenuous life. Forgetful of their beneficent purpose, a good part of the population seems bent upon destroying them.

When an army truck joined in the general assault on fire hydrants it not only obliterated its particular mark but started the army's legal machinery into operation and eventually brought into the case the Comptroller General of the United States.

The Comptroller General was very methodical in his approach to the question whether or not there could be payment out of army appropriations for the demolition of the hydrant. He first set down the circumstance that the truck had a load of soldiers. He observed that these particular soldiers were convalescing hospital patients. He then noticed that the truck and its passengers were on the way to a baseball game.

He thus arrived at the crux of the matter, whether or not the destruction of the hydrant was in any way incidental to "the training, practice, operation, or maintenance of the Army." He answered in the affirmative, reasoning that for soldiers who have been sick there are in attendance on baseball games "possible psychological, physical, and recreational benefits." We can all see the point of that decision.

The next case which came before the Comptroller General did

not have so happy an ending. An employe of the Bureau of Fisheries who had to buy a pair of top boots in order to pursue small bass asked that the Bureau pay for the boots. The Comptroller remarked severely that the boots were "reasonably a part of the personal equipment required of the employe to enable him to perform his regular duties," and ordered that not a cent should be allowed to escape from the public treasury to pay for the boots.

\$1,000 a Letter

THERE sold in Philadelphia the other day a set of autographs of the signers of the Declaration of Independence. Whose brought the highest price? John Adams, Samuel Adams, Benjamin Franklin, Thomas Jefferson? Not at all. The top price went for the signature of Button Gwinnett to a document. Some collector wanted those fourteen letters, \$14,000 worth. Next to top price went for a signature—not even an autographed letter—of Thomas Lynch, Jr. It brought \$2,600. Both Gwinnett and Lynch died before the Revolution ended, both were young men, and neither had bulked large in public affairs. Letters from Washington and Jefferson were treasured in their lifetimes, by their contemporaries; letters from Gwinnett and Lynch were not. Letters of Washington and Jefferson are, in comparison, common.

What has all this to do with business? It's an instance of the rarity factor in price. Part of the price of diamonds is their rarity. And yet rarity isn't enough. There must be some other quality before there is a market. Thousands of men lived lives that paralleled in time those of Gwinnett and Lynch; yet no one wants their signatures. They didn't sign the Declaration. There are other signers whose letters can be bought for a few dollars. They wrote too many.

A price is a complex thing.

Wage Freeman

OUR VERY best agitators like to talk about wage slaves, and the domination of machinery over the lives of all of us, rich and poor alike. The other day we watched a huge beam of steel being carried to the eighth floor of a construction job, and wondered just how many slaves in Egypt, how many helots in highly cultured ancient Greece, would have been required to do that work. Edward Everett Hale once said that civilization should be measured by the difference between the workman who uses his body and the workman who uses his brain. On that basis, who shall say that the United States is not today more highly civilized than the country of Aristotle and Archimedes? Who shall say that the half dozen men in charge of the derrick and tackle which were lifting that beam were not wage freemen, rather than wage slaves? We sometimes forget, in railing at mechanical industry, the burden which machines have lifted from the back of mankind.

History Making Right Now!

ARE YOU and I watching now the end of one great era and the beginning of another? One railroad line has set out to abandon two-fifths of its 2,500 miles of track and substitute motor transportation for men and freight. The surface railway mileage of our cities is not growing but the companies have added 2,000 busses in the last few years.

Will the steamship that revolutionized the world and drove the clipper from the sea give way to the motor ship? Already the Diesel engine is overhauling the boats that burn coal or oil. Or will the motor boat not have time to find itself before the Flettner rotor ship, with its revolving cylinders for sails, comes in to take the cargo-carrying trade of the seven seas?

Perhaps your grandson or even your son will break the monot-

ony of a six- or a ten-hour flight to Chicago by reading in some "History of Our Own Times" this sentence:

"The year 1924 marked the end of the period of railroad-building in the United States. About that time also the steamship started to go the way of the galley and the clipper."

Beat Government to It

IN DECEMBER we printed a letter from a shoe retailer, urging a government regulation of seasons and styles in shoe selling. We were moved to ask:

"Can't shoe manufacturers and shoe sellers get together and agree on limiting styles if that's what's wrong with the shoe business?"

The *Boot & Shoe Recorder* agrees and says that there is a time and a place for the distressed retailer to start something, and that's at the convention of the National Shoe Retailers' Association.

"Let us do our house cleaning within the trade," says the *Recorder*.

To which this magazine says, "Amen."

Putting the Sell in Salesmanship

A NEW YORK novelty house recently tried out a selling device by no means new, but of debatable usefulness. It sent a sample of its wares to a list (probably made up from a telephone directory) with a coin card: if the prospect wanted the commodity, just return a quarter; if not, please return the article. "Return postage guaranteed."

This procedure demonstrates a pleasing confidence in the worth and saleability of the commodity; but the parcel postage one way was five cents, and the expense of preparing, packing and addressing the packages must have been considerable. These are mere fiscal details. Another detail comes to us in an indignant letter from a man who received one of the parcels:

What right has a business house of which I never heard to take my time in this way? I could have thrown the thing into the waste basket, of course, but as a fact I took the trouble to readdress the package and tote it to the postoffice. Never again, me, for _____ Company.

Salesmanship, like poker and ethics, is a matter of psychology. We wonder how many of these prospects "reacted" in just that way.

So This Is Business!

WE PAID in part for our shoes last year by sending about twenty-five million eggs in the shell to Argentina.

In the sacred city of Lhasa, residence of the Thibetan dalai lama, where no foreigner may set foot, a hydro-electric plant is being installed. The apparatus will be carried on muleback to the 12,000-foot eminence from which the city looks out over the world.

Radium ore like that in South Carolina has been discovered on the west coast of Sumatra.

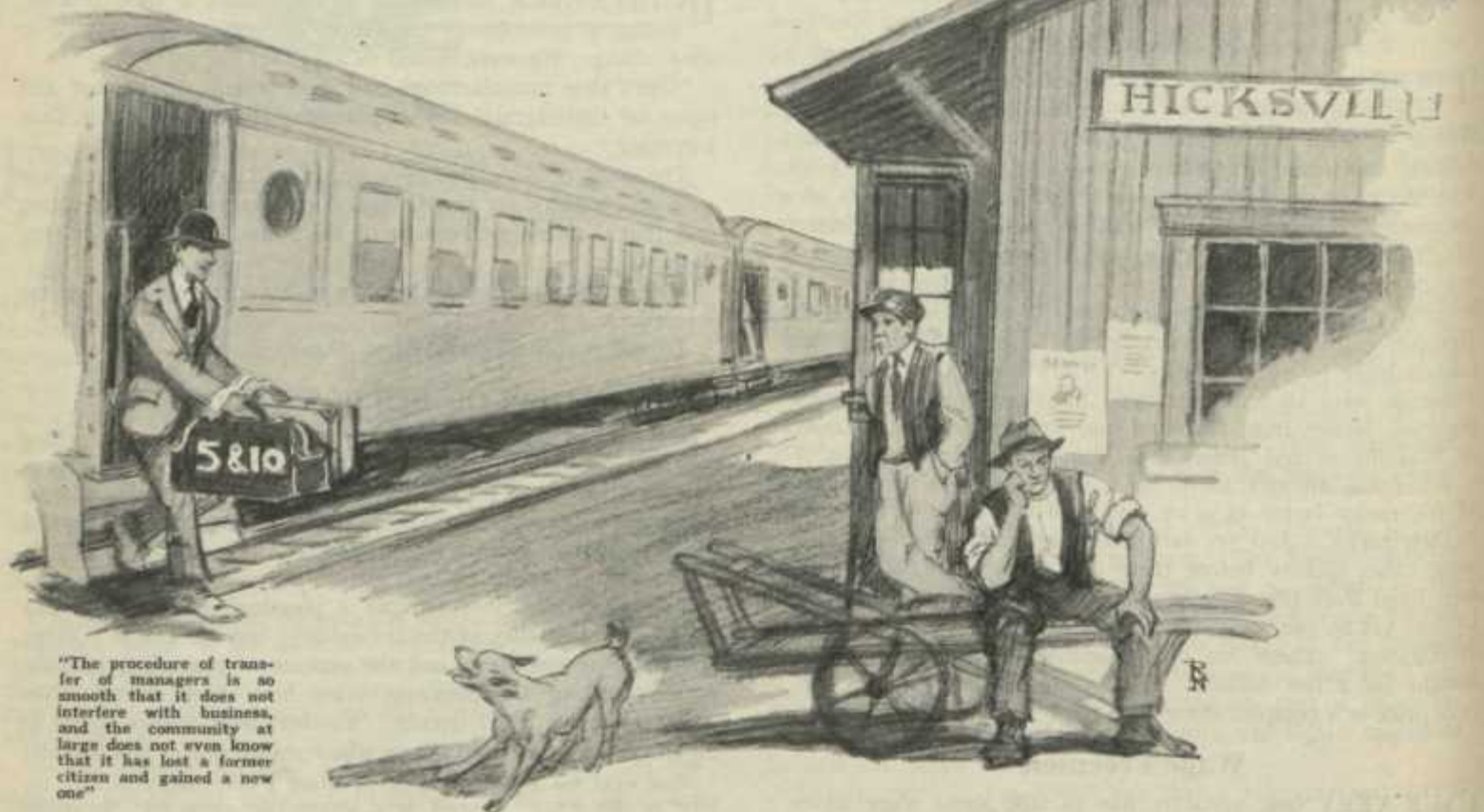
Mme. S. B. de Valenzuela left New York not long since to return to Patagonia, where she has a ranch about the size of Massachusetts and Maryland combined. She had been studying business methods here, but had to hurry home to supervise the shearing of two million sheep and the marketing of five million pounds of wool.

In the peaceful business conquest of China, Changteh, capital of a vast inner province, promises soon to be opened to foreign trade; and Amoy has contracted for new water works.

Montevideo has lifted its ban on American left-hand-driven automobiles.

Of 692 typewriters imported into Brazil during a single month, 681 were from the United States; of sewing machines, 2,150 were from this country, 238 from Germany, and eight from England.

What Makes 5 and 10 Cent Stores Successful?



"The procedure of transfer of managers is so smooth that it does not interfere with business, and the community at large does not even know that it has lost a former citizen and gained a new one."

OLD AND young, rich and poor, we have accepted the five-and-ten-cent store as an institution, without much idea of how it happens and what makes it go.

Until the publication of \$331,000,000 for the 1923 sales of the four leading chains, very few people ever thought to isolate it from the total retail mercantile business.

Is the secret of this success the handling of merchandise? Anyone with a little cash or credit can rent a store and paint the front red, and anyone can imitate the five-and-ten counter and window displays, for no attempt is made to conceal them. No, the real secret of syndicate success is not its merchandising but its handling of men.

From the earliest days, the chain store manager has remained inconspicuous. For the most part, he emulates the fabulous "man out west who made his fortune by minding his own business."

Consider the Versatile Manager

CONSIDER our manager in the small town. He has been stockkeeper, window trimmer, floor-walker, assistant buyer, and assistant manager under several successful managers in various stores. He has been "learning the business" at the other manager's expense. He has made mistakes without the responsibility of paying for them.

Finally, his last manager has recommended him for a store of his own and now, if he makes mistakes, he has to pay for them himself in the form of decreased profits. If he is alert, he has built his own method of operating, adopted from the managers he has worked for, and fitted them to his own personality. If he makes good, he shares in the

By RALPH BARSTOW

increased profits and is entitled to all the credit, and he knows it.

Here he is in the small town, young and inexperienced in comparison with the merchants who line the streets on either side. They have had years of personal contact with their customers. He is a stranger. They are part of the community. He is a transient, with little encouragement to become identified with the community.

The other merchants have had every opportunity to learn the purchasing habits of their customers in season and out. They are buying and selling nationally advertised goods with years of prestige behind them from firms that value the merchant's business so highly that they furnish all kinds of dealers' helps. Our man gets along with a very small proportion of nationally advertised brands and very few dealers' helps.

These local merchants use newspaper advertising and direct-mail solicitation and have built up a good-will of their own in a highly competitive field. The chain store manager has no local knowledge. If he were starting into business for himself, accepted statistics show that he would fail ninety-five times out of a hundred.

Here is where the organization comes in. In spite of our new man's inexperience and all the local handicaps, if he is willing and has an urge for retailing in his blood, the system will make him a successful merchant. Most of the cares and worries of the retailer have been taken off his shoulders. He does not have to worry about credit, about his

lease, his fixtures, the character or source of his merchandise, the cost of his goods or the selling price, not even where his next payroll is coming from.

The system, represented by buyers, accountants, district managers and traveling superintendents, has rented the store, outfitted and stocked it. Trained men have prepared lists of merchandise at the lowest prices; others scrutinize every order that he sends in. He has a checking list of staple items to assist him in keeping a complete stock, and advance sheets for future deliveries, ensuring the right supply of merchandise for busy seasons.

Chain Stores Back Their Men

INSTEAD of the weekly or monthly trade journal, the chain-store manager has an envelope every day from his home office. In this mail are reports from the stores in other cities in his class, their sales for Saturday and the current week or month; reports of their sales in departments like candy, ribbon or hardware; their sales in seasonable items, the percentage cost to sell \$100 worth of goods, in wages, in paper and twine, in heat and light, and the other sundry expense items under his control. Backed by tremendous force of capital, credit and experience, the local manager has stronger and more stimulating connections in his chosen line than his neighbors in theirs.

There is just one thing that the district office cannot do for him, and his success or failure hinges on this—he must hire, train and manage his own help. They come to him, young and inexperienced as a rule, and the quicker he trains them, the sooner they leave

takes it off his own shoulders, and, more important, it gives the clerk or assistant an added interest in the sales of waxed paper, coat-hangers or soap she is ordering.

Beyond this regular ordering and reordering of staples, every true merchant loves to speculate. He gets a lot of his fun in plunging on new items and fads, or on seasonable goods as garden seeds or Christmas trimmings. There is keen excitement until he knows whether he will sell out or have his profits tied up in overstock.

Every live merchant who aims for the maximum of sales will buy a sticker or have some dead stock left on his hands occasionally, and that is not considered a crime. In the chain store syndicates the crime is in keeping the corpse on the premises.

One thing that is given lavishly in the five-and-ten-cent store is labor. It may mean a lot of work to transfer all the wax candles in Department D and condense the display because warm weather and fly-time are coming on, and to replace them with toilet articles, enlarging that display for the same reason, but nevertheless, that labor is expended and, what is more, the job is done cheerfully.

Yesterday one window was jammed with valentines; today, every bit of that window trim has vanished, yet it contained several hundred articles. Today, the window is filled with radio and electrical supplies. Between six o'clock last night and eight o'clock this morning the two jobs were done. Every one of these stores has from two to fifteen windows, but the industrious people in that store keep it up to the standard by doing more work in a week than the old-fashioned general storekeeper and his help did in a year. The arduousness of these duties once caused me to remark that it was a dog's life.

"Not a bit of it," said my friend, "it's a fascinating life if you have decently good health."

"Well," I asked, "would you like your boy to follow your footsteps?"

Start the Boy on the Floor

"SURE," he answered, "if my boy wants to be a merchant, I'd like to put him on the floor in a big city store for one busy week—let him just roam around and observe. Let him feel the rush and push of the crowds, and hear the ring of the cash registers; let him hear the comments of the customers, the 'O-o-o-o, look at the little gold-fish—I wonder how they make them for five cents!' and, 'My mamma wants two yards of vaseline lace—the widest you got for a nickel.'"

"Let him help fill up the counters and see the tremendous holes that a good day of selling makes in our stock. Then after he has seen all this vital movement of distribution at its best, I'd send him out to the basement stock-room in a small store and say:

"If you want to be manager of a big store, here is the place to learn the business. Learn the stock, where it comes from, how long it takes on the road, how to take care of it while in the basement, what it costs, what it sells for, and the percentage of profit."

"If my boy wants to be a merchant, I'd like to put him on the floor of a big city store for one busy week—let him feel the rush and push of the crowds and hear the ring of the cash registers!"



"Then I'd put him on the floor to learn the technique of window and counter display. With these fundamentals learned, if he has the executive power to handle help, and can develop his own initiative, and has the adjustability to follow the styles and seasons, and he doesn't weaken, he will become a successful manager."

"Edison's questionnaire," said one chain-store man, in a communicative moment, "is an absurd waste of gray matter. I have three or four candidates a week for a chance to learn the business, and only one or two vacancies a year. If I had to ask them a hundred questions like Edison's, I wouldn't have time for much else, so I have simplified it. My questionnaire goes like this and it eliminates the no-accounts in about a minute:

"What's your name?"

"Smith, Jones or Kelly," he says, promptly.

"Would you like to run a store?" I continue.

"Oh, yes," promptly.

"Do you like arithmetic?"

"Sure."

"How much is seven times eight?"

"Huh—Oh, you mean seven times eight?" He stalls just like my nine-year-old boy.

"Why, forty-eight, or, thirty-six, or ninety-two."

"I've had answers all the way from twenty-four to one hundred! Sometimes they don't answer at all, and come back with, 'Oh, you're trying to catch me!' Others painfully try to figure it out by doing imaginary examples with their fingers. But the interview generally ends at that point. If a man doesn't know and love arithmetic and can't figure percentages accurately, whether his pencil is sharpened or not, he will never be any great success in business."

From which you will see that something more than the rudiments of that new science of personnel management are known and practiced by these chain-store men.

Go into a five-and-ten-cent store practically any time and ask the nearest floor-man, "Where is the manager?" If you think he will point you out a comfortable, well-appointed office, wherein a gentleman is sitting, busy with papers, you will get the surprise of your life. There is an office, it is

true, but it's some little corner of space that couldn't possibly be used to display goods, and it is just about as comfortable as a bleacher's seat at a Thanksgiving football game, and for "appointments," you will find an engineering severity. The bare necessities in the way of furniture and office equipment are there—no more—and unless it is after six o'clock, you will hardly find the manager in the office.

The floor-man will point him out to you, but you will have to run to catch him, and all the while he talks with you, his eyes will be roaming hither and yon around the store, ceaselessly watching everything that's going on. If he's not on the floor directing the sales, he'll be down in the stock room, forwarding preparations for tomorrow's sales. Sometimes he is dressing a window, and all you will see of him will be his feet sticking out.

"Why," you ask, "does he do this? What makes him so industrious?"

What justifies him in such energy?

The answer is the real reason for the success of the chain stores. Their system of handling their managers.

Every manager is a partner in the business. His salary or weekly drawing account is a small thing, a ridiculous sum, but when the year is finished and the inventory taken, the annual check representing his share of the profits will have four or five figures in front of the decimal point.

Frank W. Woolworth's plan of putting a man, with no capital of his own, through the mill of hard work, long hours and intensive training; then if he proves worthy of trust with the firm's capital and the firm's reputation to make him a partner in the business, has developed the type of man who earns big money for the firm and for himself.

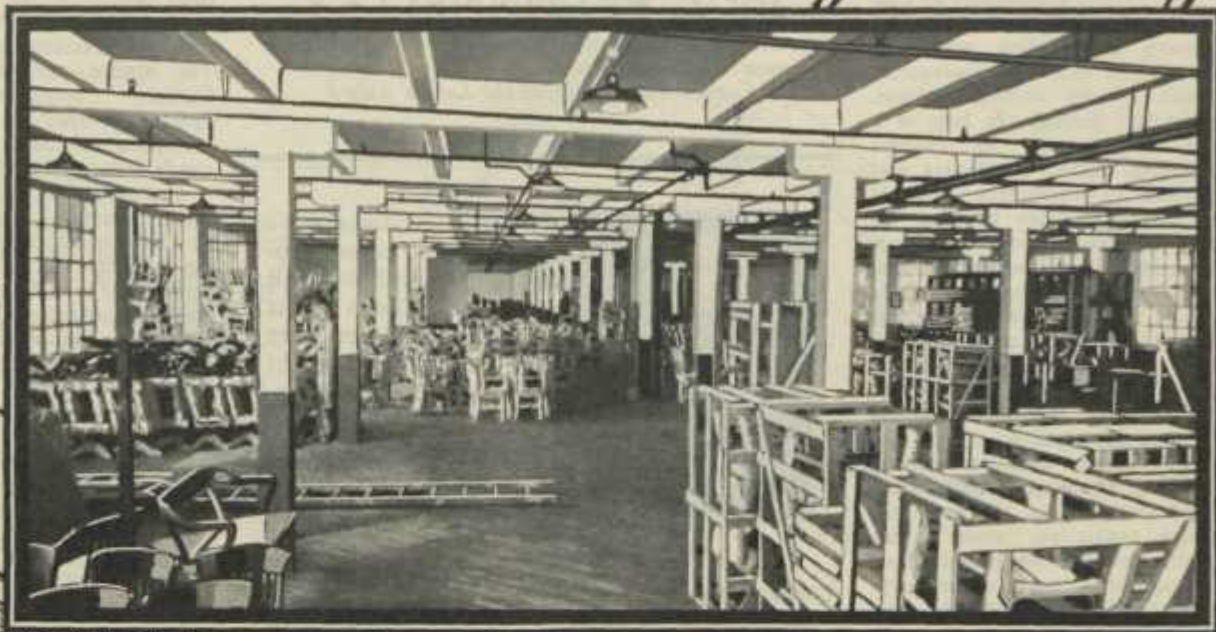
It is true that you cannot buy loyalty, honesty, concentration, for money alone, but it is equally true that a business capable of paying these unusual incomes based on a volume of transactions of real service to the public, is solving the problem of distribution by developing that special dynamic restless bundle of specialized knowledge and activity, the chain-store manager.

Sears Roebuck Opens Retail Stores

ANNOUNCEMENT is made that Sears, Roebuck & Co. is about to inaugurate a chain of retail stores. The first of these stores will be opened February 2, in Chicago; it is to be run as "a neighborhood department store outside of the usual retail district of its city," the vice-president is quoted as saying.

Analyses of retail trade agree on a low proportion to mail-order business. Dr. H. H. Maynard, Professor of Business Organization at Ohio State University, says that "mail-order houses have not increased their percentage in ten years. They are just keeping up with the increase in retail business as a whole." And Dr. Paul H. Nystrom, director of the Retail Research Association, estimates that of the total retail trade of the country (approximately \$35,000,000,000), 66.75 per cent is sold by independent retail stores, 16 per cent by department stores, 8 per cent by chain stores, and only 4.6 per cent by mail-order houses.

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Talk with Ferguson now and construction of your building can be well under way before spring. You will be relieved of all details. And you can be in production in your new plant before the average architect will have even delivered his plans.

No matter where you are located or what type of factory you require, you can save both money and time by handling your building program the Ferguson Way.

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GUARANTEED BUILDINGS

The Fight for Fair Play in Chicago

By T. E. DONNELLEY

President R. R. Donnelley & Sons Company, and Chairman of the Executive Committee, Citizens' Committee to Enforce the Landis Award

THE BUILDING contractors of Chicago have freed themselves from a shut-down of building operations which had reduced building construction to one-eighth of its normal volume. They did the job through the help of a non-partisan organization of citizens which assembles skilled mechanics and furnishes them to employers, protects them from terrorism when working, insures building jobs against bombing, sabotage and other forms of destruction, and trains apprentices to the point where they are ready to go out on the job and actually be worth a small salary.

They have, in fact, been able to raise the amount of building in Chicago from \$34,000,000 to more than \$330,000,000 annually. They have put an end to the extortion of union business agents, stopped slugging, abolished jurisdictional disputes, and stamped out the one hundred and one restrictive "union" rules that flourish wherever organized labor gets its monopolistic grip on industry.

Without in the least harming the rank and file of union men, they have brought "crooked unionism" to a virtual end in the Chicago building trades and enabled themselves to proceed with their business unhampered.

We, as members of this committee of citizens, believe that the principles and methods we have found useful can be applied to similar conditions in any other city and that if they are carried out with the same vigor as in Chicago, the results will be equally decisive.

The building labor dispute, which resulted in the formation of the Citizens' Committee to Enforce the Landis Award, occurred in 1921 between the unions within the Chicago Building Trades Council and the contractors. The war had brought construction in the city to a virtual standstill, and in spite of the tremendous demand for housing and building, this stagnation was continued by reason of the unions' insisting upon the retention of war-time wages and the many restrictions of men, materials, output and jurisdiction which they had imposed upon the building industry.

War Paralyzed Construction

RUMORS that such and such a job had netted the business agent huge sums in graft were heard on every side. Actual testimony before the Dailey Legislative Commission developed the fact that up to \$50,000 had been paid on specific jobs, and reports were that on one particular undertaking the graft had run into hundreds of thousands. One architect testified that he figured an additional 5 per cent upon the cost of a building to cover the usual union "fines" and other extortion.

Strikes were called without warning and for no known reason. Buildings were bombed and workers were slugged in obscure disputes between rival factions. Evidence was uncovered that material dealers were coerced by labor leaders to prohibit the inflow of mill-work, sheet metal work and other commodities into the Chicago district. In fact, the situation was such that the buying public struck and building was virtually at a standstill.

Realizing that labor itself was being hurt by this condition, the better element among the labor leaders proposed an agreement be-



T. E. Donnelley

men who went to the rescue were printers, bankers, retailers, manufacturers. They straightened things out.

And they didn't go to law!

IF BUSINESS doesn't do its own housecleaning, the Government will step in. That's what Secretary Hoover has said, that's the purport of the 15th clause of the National Chamber's "Principles of Business Conduct."

Here's a case in point. The building industry was directly involved, but the

tween the building trades unions and the contractors to arbitrate all matters relating to wages, working conditions and material, and thus reestablish the industry upon a sane basis.

Federal Judge Kenesaw Mountain Landis, now czar of baseball, was chosen arbiter. His award was the result of three months of intensive investigation, and was thorough, sensible and fair. He threw out every restrictive union rule, forbade sympathetic or jurisdictional strikes, named a reasonable wage scale for the thirty-three locals of the building trades and reestablished the differentials in rates of pay based upon the comparative skill of the trade and the number of working days in a year possible on account of weather. He also established as the standard for all union contracts a uniform agreement that was fair to the contractor and to the workman, and which protected the public.

Judge Landis' award hit not so much at wages as at uneconomic practices, and since these are the bulwark of the crooked labor leaders' strength, these leaders fought its acceptance. Of the thirty-three unions which had agreed to abide by the award, fifteen, under the terroristic domination of their leaders repudiated their pledges and announced that the old wages and old conditions would continue. The officers of the carpenters' union announced after numerous meetings with the contractors that the only contract they would sign was one wherein the contractors should write their signatures at the bottom of a blank sheet of paper and they, the carpenter officials, would then write in the terms above to suit themselves.

Under such a challenge there was nothing left for the contractors, as self-respecting Americans, to do but to operate with such help as would work under the terms of the Landis Award, and they started operations on the open shop basis. Realizing that it was to be a desperate battle for the freedom of Chicago, and one that would be beyond

their resources, the contractors' association met with representatives of fourteen civic organizations and appealed for help. The upshot was the formation of the Citizens' Committee to Enforce the Landis Award, an incorporated body consisting of about two hundred of Chicago's industrial and financial leaders.

The executive committee, consisting of eight members, was chosen from lines of business unconnected with the building industry. I, a printer, was selected chairman; John W. O'Leary, an iron and steel manufacturer, was named vice-chairman; the other members are John H. Hardin, an optical manufacturer; Robert P. Lamont, of the American Steel Foundries; Joseph R. Noel, banker; James A. Patten, a Board of Trade operator; Charles Piez, former chairman of the Emergency Fleet Corporation and president of the Link Belt Corporation, and John T. Pirie, of the dry-goods firm of Carson, Pirie, Scott & Company. This diversity of interests represented on the executive committee and entirely separated from the building industry, we consider one of the chief reasons for the confidence it has inspired and the success it has won.

The contractors pledged themselves to each other and to the Citizens' Committee that in those trades wherein the unions refused to accept the Landis Award, they would operate on the open-shop basis and continue so permanently. The leading architects also pledged themselves to support to the best of their ability these Landis Award contractors. A list containing many hundreds of names of the leading contractors and architects was widely circulated and the public's support also to these firms was requested. The public gave it to an extraordinary degree.

The unions which kept their agreement were given full recognition and support, but the fifteen unions which repudiated the award were declared open shop. An employment department was established; an advertising campaign throughout the entire country was inaugurated; advance men arranged for the publicity in various cities and they were followed by a crew of expert interviewers who picked suitable mechanics.

Supported Unions That Kept Word

WORKERS of the strike-breaker type were rejected as unsuitable. Where necessary, the fares of the applicants were advanced to Chicago, to be paid back gradually from the wages after the men had been placed with Landis Award contractors. More than 14,000 mechanics have been brought into Chicago, and the free employment bureau, established as a headquarters for the Landis Award workmen, has made 70,213 placements during the past three years.

Protection, of course, was vital. For years nobody believed that any building trades mechanic not carrying a union card could work upon any construction in Chicago without being slugged and perhaps killed. Many of the union officials had obtained their power in the union through the use of professional sluggers and gunmen as their henchmen, and these crews were only too ready to "educate" any man who attempted to break the union monopoly. In one case forty-two automobile loads of these gentry were started out to

TO MEN IN INDUSTRY



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It is our business to prevent this waste. Some of the ways we save horse-power are shown below.

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SAVES POWER



give "the works" to a force of non-union men on a certain job.

The committee formed a protection department under the direction of an ex-army officer, who gathered about him a force of 700 guards. Chicago was divided into districts according to area, each district having its supervising officer and a corps of guards. To each Landis Award job was allotted without charge a guard for every entrance, and each district likewise had a flying squad of guardsmen equipped with a high-powered automobile. A phone call to headquarters that trouble was threatening at any point brought this automobile force to the scene, followed by the police.

This force never attempted to match the slugging tactics of the unions, and for several months there was much rioting and bombing at night. But finally a gang of bombers shot and killed two policemen. Some forty or fifty were arrested and through the efforts of public opinion, additional money was appropriated for their prosecution. Prominent lawyers contributed their services to act as special prosecutors, judges gave up their summer vacations to hear the cases, and as a result forty-six men were found guilty and sentenced to jail or the penitentiary. Since this time rioting has virtually ceased.

Bombing, incendiarism and sabotage were harder to overcome, but the committee solved the difficulty by covering every job with special insurance without cost to the contractor or owner. This protection remunerated the builder or owner for all damages resulting from violence, whether dynamite or stink bombs, stuffing of plumbing, harm to materials en route, or what not. It was practically impossible for the terrorists to cause the contractor a loss. No matter what they did, he recovered his money. The policies protected the building to their full value at all stages of construction, and the bombers soon began to throw up their hands and cry, "What's the use?" Sabotage now has virtually ceased. During the three years since its inception, the committee has insured some \$779,000,000 worth of buildings.

Operated Training School

TO ESTABLISH a supply of workmen on a permanent basis, the committee has founded an apprenticeship training school, which, up to the present time, has equipped more than five hundred young men under twenty-one years of age with a knowledge of the various trades like carpentry, painting, bricklaying, plumbing and sheet metal work. The course in the school is about six weeks, after which the apprentices go out on jobs and are actually worth \$15 a week to the contractors who employ them.

These boys come back to the school one day a week to continue their training in their various trades. Also, journeymen who desire to qualify as foremen are given free instruction at night school, and no distinction is made as to whether they are union or non-union. In fact, no propaganda of any sort is disseminated in the institution. Some of them who finish join the unions at once and others do not. The aim is to make skilled workmen and supply the needs of the industry.

The moral effect of all this has been great to all interested. The honest workingman has realized that the Citizens' Committee is not fighting unionism, but its abuses, and members of the recognized trades have worked side by side with the open shop trades. The crooked union men have realized that a well-financed organization with the interests of the city at heart stands ready to prosecute re-

lentlessly all violence. The morale of the contractors has been greatly strengthened by the knowledge that the fight is not only their fight, but has been recognized by the citizens as their fight as well, and the building public can proceed with construction free from worries of delays or graft.

When the support of the public was asked by the contractors, it was promised contingent upon one stipulation, that the fight should be to a final conclusion and not to a temporary compromise. The Citizens' Committee insisted that a trade once declared open shop should permanently stay open shop and the control of that trade not again returned to union monopoly. The history in cities where the building trades completely control the industry is one of constantly increasing abuses, and it is the determination of the Citizens' Committee that this complete monopoly shall never again return to that industry in Chicago.

The outstanding fact in this controversy is the conclusion that the public and not the

employer pays the excessive costs caused by unreasonable union conditions, and that the job of establishing fair conditions is the responsibility of the public as well as the contractors. Any community that is paying excessive rents or housing charges on account of the unsocial practices of union labor can free itself if it is willing to organize and fight with the contractors for their rights.

Lest it be objected that Chicago with its big resources of money could undertake what would be too costly for smaller communities, let me mention that our total expense for the work so far has been about \$2,000,000. This sum itself looms rather large, but it is around .024 per cent of the \$779,000,000 of building which has been done. Our expenditure is so far less than the graft individual contractors would have paid under union domination that it is not worth mentioning. Our work can be truthfully called self-supporting. And we believe it will be found just that wherever else it is undertaken.

Immigration Under the New Law

THE IMMIGRATION act of 1924, which went into effect on July 1, was passed for three main purposes: to decrease the total immigration, to improve the administration and to change the character of immigration. The records of four months under the new quota law show to what extent these purposes will be fulfilled:

The act reduces the quota allowed from all quota countries from 357,803 to 164,667, but it admits also certain classes from the same countries as non-quota immigrants. It is therefore significant to see that from July to October, 1924, the non-quota immigrants exceeded the quota immigrants in number by 14 per cent, while in the last fiscal year the proportion was the other way. The larger non-quota immigration should be considered desirable because the law selects the exempt classes, presumably for public policy.

The present law also restricts the immigration from the Western Hemisphere, by excluding its foreign born from free entry and by granting it only to natives and demanding that all have immigration certificates, for which fees of \$10 must be paid in addition to the head tax of \$8. The effect has been to reduce the legal entries from Canada from 65,095 during the period between July and October, 1923, to 40,239 in the same months of 1924 and from the countries south of us from 46,541 to 22,088.

The number of aliens admitted has been greatly reduced. The Bureau of Immigration divides the admitted aliens into two classes: "immigrants" who have the right to remain permanently, and "non-immigrants" who (with the exception of representatives of foreign governments) are admitted only on a temporary basis. The non-immigrants number about the same as last year, but the total admission of immigrants during July-October, 1924, was only 90,294 as against 351,267 during the corresponding months of 1923. The significance of this decrease, however, must be viewed in the light of the change in administrative methods.

In the fiscal years 1922 and 1923, there was a rush to get in early because the quota act of 1921 permitted monthly entries up to 20 per cent of the annual quotas, and the immigrants hurried to land before the quota was exhausted. Under the present act only 10 per cent may receive certificates in any one month and the certificates are issued before departure, in the immigrant's home country.

As a consequence only 23 per cent of the present year's quota has come, while 64 per cent of last year's quota came during the first four months of last year. A more even distribution throughout the whole year will naturally reduce the burden of administration and give the immigrants greater conveniences and opportunities. The racing of the steamships has stopped and the law has brought a great improvement. If, however, the proportions of quota and non-quota immigration remain unchanged and the drop from non-quota countries continues we may expect about 550,000 immigrants before the year is over. Last year 706,896 were admitted.

The first quota law of 1921 was passed not only to check the total immigration, but also to adjust it to the racial composition of the United States, and it accomplished both purposes to a considerable extent. The present quota law accentuates the second purpose by shifting the base from 1910 to the 1890 census, and the following table shows the shift towards the "Nordics."

	1914 (No. quota)	1913 3% quota Census 1910	July-Oct. 1924 2% quota Census 1890
Total immigrants	1,218,460	522,919	90,294
North and West European	22%	53%	78%
South and East European	61%	18%	5%
Hebrew, all countries	11%	10%	3%
Other	6%	19%	14%
	100%	100%	100%

The English-speaking races filled in the last four months 45 per cent of the immigration, in 1914 they were less than 9 per cent.

It is difficult to understand whether the current news stories of immigrant "bootlegging" are inspired by agitation for the registration of aliens or by an increase in illegal entries of Europeans. That native Mexicans and Canadians are crossing the border in both directions without notifying the immigration inspectors is well known, but this practice should not be confused with illegal entries from quota countries. It causes loss of revenue and omits the formality of physical and mental examinations, but does not otherwise break down the principles of the exclusion law. However, more experience under the new law may produce facts and valid arguments why we should have a national system of registration and officials to administer it.



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HYATT ROLLER BEARINGS FOR ALL MECHANICAL EQUIPMENT

Things to Tell Your Men

By GEORGE E. ROBERTS

Vice-President, National City Bank

XI—Gold, the Common Agent of Us All

EVERYBODY knows the difficulty of settling a dispute by dealing through a third party. Bring the disputants face to face, and let them talk it out. It often happens that when they get at first hand each other's points of view, the differences are promptly adjusted. Men who a few days previous were hurling bitter words at one another through the mouths of agents, representatives, or friends, will meet, talk things over—and forget their enmity. Such occurrences are commonplace in business. They have marked the settlement of many differences between wage earners and employers. They have ended misunderstandings between business concerns and large sections of the public.

Unfortunately in a world as large and complicated as this, it is impossible always to deal in the most direct and natural way. Third parties must often be used for efficiency and economy. For everybody to meet face to face is simply out of the question. Such is true when it comes to the exchange of products, by which act each of us as consumers and producers satisfies his wants. A third party—money—has become so established in this situation that to many of us the true nature and service of money is not clear. We attribute to money powers which it does not possess. We blame it for ills that it cannot create. Worst of all, we try to make it do things which it cannot do, thus bringing loss and suffering upon ourselves.

We Live by Exchanging

IT IS said that mistakes about money have cost the nations of Europe more loss and suffering than all the guns and armies in the great war. It is said that money is the distinguishing characteristic of our present economic order, so that it is often referred to as a "money economy." It is stated that the ups and downs of the business cycle are related to the use of money. If all this is true the subject of money is worth every man's time and study.

We have had occasion again and again to note that in a highly specialized world like that in which we live, each person can satisfy his wants only by exchanging his products or his services for the products and services of others. It would seem that this might be done directly, in the same way that farmers a generation or so ago used to "swap" labor, or farm products. Many can still remember when it was the custom in a farming community for one farmer to help another harvest his wheat with the under-

standing that this farmer, in turn, would help the first farmer butcher, or cut wood. Here was a case of trading labor directly; one farmer said to another, "You work for me ten days and I'll work for you ten days." The same practice was followed with reference to seed for planting, fresh killed meats, orchard products, and the like. One farmer would exchange so many bushels of one kind of wheat for a similar quantity of another farmer's wheat.

An African Transaction

IT IS obvious, however, that this direct exchange of products cannot generally be carried out even in the simplest forms of social organization; and when you attempt to apply it to the highly specialized business world today it is wholly impossible. A writer on Africa tells an interesting incident of the difficulties encountered in trying to buy a boat from a tribe of natives, when the purchase had to be made wholly through the direct exchange of products. The native owner of the boat wanted ivory in return for the sale. The would-be purchaser, however, had no ivory. Finally he was able to locate another tribesman who had ivory, but who wanted cloth in exchange. The would-be purchaser, however, had no cloth. Finally he located a third tribesman who had cloth and would take wire in exchange for it, and the man who wanted the boat, fortunately, had wire. He gave his wire to the last tribesman in return for cloth; the cloth he gave to the tribesman who wanted it, and received ivory in exchange; with the ivory he was now able to purchase the boat.

Think how impossible would be such procedure in a country like this where the exchanges must proceed in a steady flow, literally by the millions of transactions. Suppose that all of the workers in the United States today were paid, as they once were, with shares of the product which they help to make. How would the worker in a fire-cracker factory, a coffin factory, a suspension-bridge factory, carry away his share of the product, and use it to buy the week's supply of meat and groceries?

The man who makes a complete product which is in general use, like a coat or a hat, might find without great difficulty, butchers and bakers who would give him meat and

groceries in exchange—at least until their wardrobe was stocked with coats and hats for several years. But take the man who screws up one bolt in a Ford automobile. What is he going to get for his work that he can exchange for the products of others?

Imagine the trials of the tax collector, if taxes were paid in products, instead of in money—so many bags of nails, so many pounds of dye, so many rolls of wall paper, so many gallons of cough syrup. How would these be transported to Washington? How could they be used to feed and pay sailors on ships, or to equip soldiers in frontier forts? Think of the problem confronting the stewards of the churches if every Sunday they would receive for the support of missions in far-away lands, to pay the preacher's salary, to heat and light the church, collection plates piled high with aluminum sauce pans, burlap bags, sandpaper, and all the thousands of other products which are manufactured in the typical industrial city.

Used as a "Third Party"

MANY people who are in the market for products do not have goods of an actual, concrete nature, which they could offer in exchange. The draughtsman in a factory, the timekeeper, the stock clerk and bookkeeper—these men do not produce goods, but services. The corner grocer would have no more use for the draughtsman's blue prints than he would for the score of a musical composer.

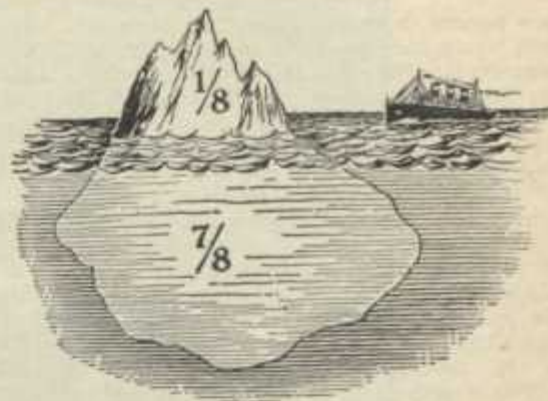
The foregoing examples merely illustrate the difficulties we get into when we try to think of present-day men and women exchanging their goods and services direct. The solution to this problem is the one which society has already developed—the use of a "third party," a "medium of exchange"—something which everybody knows and recognizes, which everybody regards in the same way, and which everybody will accept in exchange for goods and services. This medium of exchange—this "third party"—is money.

Money performs two closely related functions; it acts as a medium of exchange and also as a standard of value. In the first use it is passed from hand to hand and is itself exchanged for goods and services. In the second use it may not be handled at all, but goods and services are valued and exchanged by reference to it. As the greater part of the domestic and international trade is carried on by this latter method, it is important to keep the distinction in view.

As the division of labor developed and



HUMAN NATURE, like an Iceberg, is mostly submerged



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The menace to navigation comes not so much from the brilliant ice peaks that are visible for miles, as it does from the huge bulk that extends below the surface.

Only one-eighth of an iceberg is visible—the unknown mass, seven-eighths, is out of sight.

So it is with Human Nature.

Most of it is concealed. We may know the names of folks, a few of their characteristics, and yet fail to get below the surface.

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Pivot Men must have that knowledge of Human Nature that will help them to avoid collisions and confusion.

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men became dependent upon trade to supply their wants, they sought to convert their own products into the kinds of property for which the demand was most constant, and which could be most readily disposed of. Each producer traded his product either for something that he wanted to use or for something that he thought had a wider or more constant market than his own product. Cattle, various products of the soil, the metals, were all used, and a process of elimination began which by popular choice gradually shortened the list of commodities thus used to gold and silver, and finally, for the greater part of the commercial world, to gold.

This is perhaps as good a place as any to refer to the leading argument against gold as a standard of value. It is said that gold has no real value in itself, that it does not minister to any fundamental human want, that society could do better without it than without the products which serve for food or clothing. But even though this is admitted, it does not prove the contention that gold is not suitable for a standard of value.

If society had to choose between going without the necessities mentioned and doing without gold, it doubtless would choose to go without gold. But it does not have to do without either. A great many things that are not primary necessities are in constant demand and year after year command prices on the public markets that are quite as stable as the prices of wheat, cotton, or iron. Tobacco is not one of the necessities of life, but from one year to another tobacco is as sure of a market and a stable price as any of the grains.

Necessities Not Self-sufficient

FINE pictures, good music, good acting, are not primary necessities, but the people who can supply them always command high pay as compared with those who produce corn or cotton. The world does not live by necessities alone, or deal in necessities alone, or value nothing but necessities, nor is it likely to be reduced to a state where such is the case.

It has been said that one man's meat is another man's poison, which is but another way of stating that it is best to let every man determine for himself what he shall eat, and what things shall have value to him. There are bankers who frown on the automobile, and people who think that too many folks buy talking machines. Not much is gained by arguing abstractly about the utility of things which people want, whether it be gold, automobiles, or anything else. Commercial values are not fixed by arguments, but by trading in the market place. They represent a consensus of opinion.

The earliest historical records show that gold and silver were prized in all times by all people as precious metals. They were prized for their beauty and the other qualities which distinguish them. Every account of hoarded wealth that has come down to us from the remote past tells of stores of these metals. In the countries where they were found they were used as money as far back as records go.

The reasons for this are not hard to find. Besides being universally esteemed, gold and silver possess other qualities that fit them for use as money. They possess high value in proportion to bulk, thus they can be easily transported, stored, concealed, and protected. They do not deteriorate as time passes, and are not destroyed by fire. They are malleable and fusible, and since they are practically indestructible, the new production of each year becomes part of the permanent stock.

Thus fluctuations in production and in value from year to year are of much less consequence than in the case of products of which the annual crop is nearly all consumed during the year.

Traders seek out the most economical methods of doing business, and the traders of all nations found that it was more economical to exchange their wares for gold and silver and use these to buy what they wanted, than to trade for and with other things.

This is the story of the evolution of gold and silver as money. Monetary systems have not been invented by legislators, or agreed upon between nations. They have been established by the customs of the people in the business world.

The same process which eliminated other metals and forms of money has within our own time almost completely eliminated silver as standard money, causing the nations one by one to drop silver as a standard, and adhere to gold alone.

Standard Erased Barriers

BEFORE the war China was the only country of considerable importance which did not have the gold standard. Since all the other countries used gold, they had a common standard, so that their money all bore a definite relationship. The advantages of this were very great. The price quotations of all countries were related to each other. The grain dealers of every country could readily calculate in terms of their own money what wheat was bringing in every other country. All the countries had a common language of values.

Money was loaned, stocks and bonds were bought and sold, engagements were entered into across international boundaries as readily as between New York and San Francisco.

In short, the influence of the common standard of value tended to make the world one community in finance, in industry, and in trade. It helped accomplish the same things as do improved methods of communication and transportation, a common language, and common weights and measures.

It may be said that these arguments for a common standard of value apply to any standard, so why should gold be chosen? The answer, as we have seen, is that gold is the deliberate choice of the business world, experience having demonstrated that it was the most economical and generally satisfactory commodity for the purpose. It has superseded all other commodities by common consent. Its acceptance, however, is never a hardship, for if anyone prefers anything else he can get it in exchange for gold.

Gold Easily Transported

IT IS argued that a standard of value made up of many commodities would be more accurate in its relation to labor, and as a measure of value for long-term contracts than any single commodity can be. There is some force in this argument. It is not contended by supporters of the gold standard that it is perfect. There are fluctuations on the side of gold as well as on the side of other commodities. Not many human institutions or contrivances are perfect. All are provisional, subject to change when something that will answer the purpose better is found. We should be sure of something better, however, before discarding that which has already rendered good service.

Suppose that we had the multiple standard and that the "dollar" represented a certain percentage of the value of given amounts of

wheat, corn, cotton, wool, mess pork, beef, mutton, baled hay, sugar, salt, butter, canned tomatoes, evaporated milk, dried apples, bleached sheetings, hemlock leather, pig iron, lead, copper, lumber, and as many other things as might be taken from the list of 400 commodities which are the basis of the Bureau of Labor's percentage tables? If the system of redemption were maintained, which is the final test of the value of any paper currency, the currency would be subject to redemption in these commodities, in their due proportions.

Five million, or even ten million dollars in gold takes up but little room in one of the ocean liners, but \$10,000,000 worth of miscellaneous commodities would require a fleet of forty or fifty first-class ships. The transportation charges, and costs of loading, unloading, and storage would be a tax upon commerce. The time item in handling would be prohibitive. Some of the staple commodities are subject to deterioration, particularly upon passing through the tropics.

Likewise, the labor-hour unit has many times been proposed as a substitute for gold. Advocates of this plan say that all wealth comes from labor; that it is logical, therefore, to make labor the basis of money; that every man should be able to exchange the products of his labor for the products of the same amount of labor contributed by somebody else.

The idea is that every worker will receive one "exchange unit" in return for every hour that he works; the price of each commodity would then be determined by the number of hours required to produce it, these being expressed in "exchange units." Thus if five hours were required to make a pair of shoes, the cobbler would receive five "exchange units" and these would enable him to buy a new saw, requiring the same number of hours to make. It is claimed that the plan would be in the interest of greater justice to workers, since it would bring about a fair individual distribution of all the products of labor.

Who Would Determine Values?

LET US see how this idea would work out in practice. First, who will say how many hours it took to make a given product, say a woolen shirt? How long did the man have to work who made the buttons, or the thread with which it was sewed? How much of the work of the man who made the scissors with which the shirt was cut out, or who grew the sheep from which the original wool first came, will be credited to this particular shirt? Then, too, what will be done with the goods that nobody wants, the shirts that are spoiled in the making, that are out of style? Who will decide, likewise, how products will be distributed for which there is a limited demand? And what about the limited supply which everybody demands?

Take seats at a world's series game, for example; somebody will have to decide what persons will have their labor recompensed by a chance to see the leading teams in action; the two teams could not determine what particular ones of their followers would be so honored. Also, who is going to do the hard work in society, the disagreeable work, if every hour of labor is to bring the same return? And, worst of all, would it not result that the longer a man spent in making a shirt the more "exchange units" he would get? Efficiency would disappear. It takes only a superficial glance to show that this whole idea would get us nowhere.

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Besides the more than \$500,000 which backs the continued advancement of GMC Trucks, General Motors Corporation places behind these trucks exhaustive research in General Motors Research Laboratories. GMC Trucks also share in the vast purchasing power of General Motors. These advantages greatly enhance the value and stamina which every GMC owner finds in his trucks.

GENERAL MOTORS' skill, thought and resources have been centered on the development of General Motors Trucks to such high efficiency that they do better work, longer. ¶ This is one reason why, almost invariably, the purchase of the first GMC is followed by the purchase of more.

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Dealers in Most Communities

General Motors Trucks



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The Map of the Nation's Business

PERHAPS the most notable feature in evidence at the turn of the year was the feeling of confidence that big things were in store for this country and for the world. To some extent, this may be said to have been due on the one hand to rather unfavorable happenings early in the year which were counter-balanced by an apparently more powerful set of favorable events later. The net result of the reaction from the unfavorable and the eager acceptance of the good happenings, was a feeling of optimism seldom equalled and never surpassed in an experience of forty years in business reporting.

There are some who claim that this feeling of optimism has been reduced slightly from what it was a few weeks before the close of the year but there seems to be plenty and to spare as this is written.

After a fair start in wholesale trade in the midwinter with some industries working at close to theoretical capacity, a slow but steady seepage of strength in buying and in industrial operation succeeded, which brought most trades and industries to a very low pass by midyear. Then came a rally, a growth in confidence and a rousing finish, especially in speculative lines and to a lesser extent in the metal trades. Interwoven with the sag in the first half of the year, however, but more noticeable in the latter part, was a feeling of steadfast confidence that things were going to be all right.

Undying Confidence

EVEN when western bank failures, for which the year will long be remembered, were at their apparent worst, when piecemeal buying was complained of and when a presidential election loomed, there seemed to be a feeling of underlying confidence that things were coming out all right.

If the average man were asked as to what were the three most important happenings of a favorable character to balance these three supposedly most unfavorable influences, the work of the Dawes Reparations Commission, the big rise in grain prices and the triumph of conservative ideas in politics at home and abroad would probably receive most mention.

Of these three, the writer would give chief place to the advance in grain and least to the election because the country has been known to have survived a good many radical campaigns whereas the wonderful combination of short wheat crops among our rivals and customers with liberal yields here seemed to touch the average man's imagination, made the favorable result of the election safe beyond dispute and gave the Dawes plan opportunity for commencing work in a thoroughly satisfactory way.

If we had not had Nature's aid in bringing about the rise in grain, we might not have seen the flood of western bank failures checked so speedily nor so many supposedly radical states swing into line for conservatism, nor perhaps would we have been able to test so speedily the beneficial effects of the regeneration of the exchange markets

By **FRANK GREENE**

Managing Editor, "Bradstreet's"

which made big exports, first of grain and next of cotton, possible. The three things together apparently proved irresistible.

In noting a few of the results of the year,

Exploiters

I WANT to say a word or two for the exploiter.

This is because my radical friends froth at the mouth so furiously when they mention him. He seems to be the black beast in all their sociology. Whenever an American capitalist or syndicate drills an oil well in Mexico, or a French company gets a concession in China, or an English firm establishes an office in Manchuria and plans to do business and make money, the Left Winger turns several flip-flops while shouting that all Europe or America fought the war for was to exploit these backward countries.

Now I may be a blind bourgeois person, but I can't see it that way. I have as little use for oppression and injustice and avarice as the sincerest socialist, but it looks to me as if the exploiter of today is, on the whole, doing mankind a service.

For the exploiter is the chap who takes a chance and goes into the wilderness and the jungle and brings back to civilization the products that civilization needs. And he carries to barbarism and savagery more of the blessings than the banes of civilization. By all means let us keep him from grinding down his labor, from feeding it whiskey and rum, but let's not forbid him to bring—as he does—money, and doctors, and machinery, and moving pictures and shops and theatres and progressive agriculture to the wilderness of the far frontier.

It is rather funny, when you think of it, that while the Radical is thundering against the exploiter, he owes to him most of what he eats, wears, and lives by. Wool from some exploiter's ranch in Australia for his suit, silk from an exploiter's factory in Japan, tea from an exploiter's plantation in Ceylon, sugar from an exploiter's mill in Cuba to sweeten the coffee some exploiter made possible in Brazil—all brought on ships that sail because an exploiter has opened the trade routes they take.

He rides on trains that an exploiter's vision made real, and through and past villages and towns and cities that have sprung up because exploiters opened up the country they draw their wealth from.

I'm for the exploiter, I want to see him go on exploiting. So long as there is an oxcart where there should be an automobile, or a desert where there should be a country blossoming like the rose, by all means let's tell the exploiter, "Go to it, kid. We're for you. Only—behave." It's a great world and we haven't begun really to tap its resources.—BERTON BRALEY

it might be observed that with all the good effects visible, the year as a whole was not a satisfactory one in trade or industrial lines. It was, in fact, a rather unsatisfactory period, when the statistics are weighed up, and really seems to have found fair reflection in the

rather drab-colored map of the nation's business that showed throughout most of the year.

The grain farmer seems to have reaped most of the profits, seven crops accounting for more than the total gain of \$750,000,000 shown in all crops. The small grain farmer did best, the corn grower found a partial balance for a short crop of poor quality in a higher price, but the hog and cattle raisers sold many animals to save high feed bills and the cotton and potato grower took less for vastly larger crops.

The manufacturers did only fairly, a midyear of acute industrial depression cutting production and profits and reducing employment. Trade as a whole at wholesale and retail was below 1923. It was a good year in financial lines, even if money was cheap, because a creeping bull stock market blossomed later into a record-breaking boom, new and old bonds sold readily because of the big quantity of idle cash, and Europe borrowed freely and we seemed glad to lend. Speculation was active in grain from June 1 onward and export trade expanded while imports contracted.

That the banks as a whole were actively employed is proved by a record-breaking total of clearings which exceeded those of 1923 by 10 per cent and even slightly surpassed those of 1920, a period of much higher commodity prices. Building expenditures set up new high levels but activities were irregularly distributed. The lumber output fell off slightly and its prices were cut. One of the few industries to report record output and shipments, cement production, reaped benefits from an active road-building campaign as much as from active construction of houses or shops.

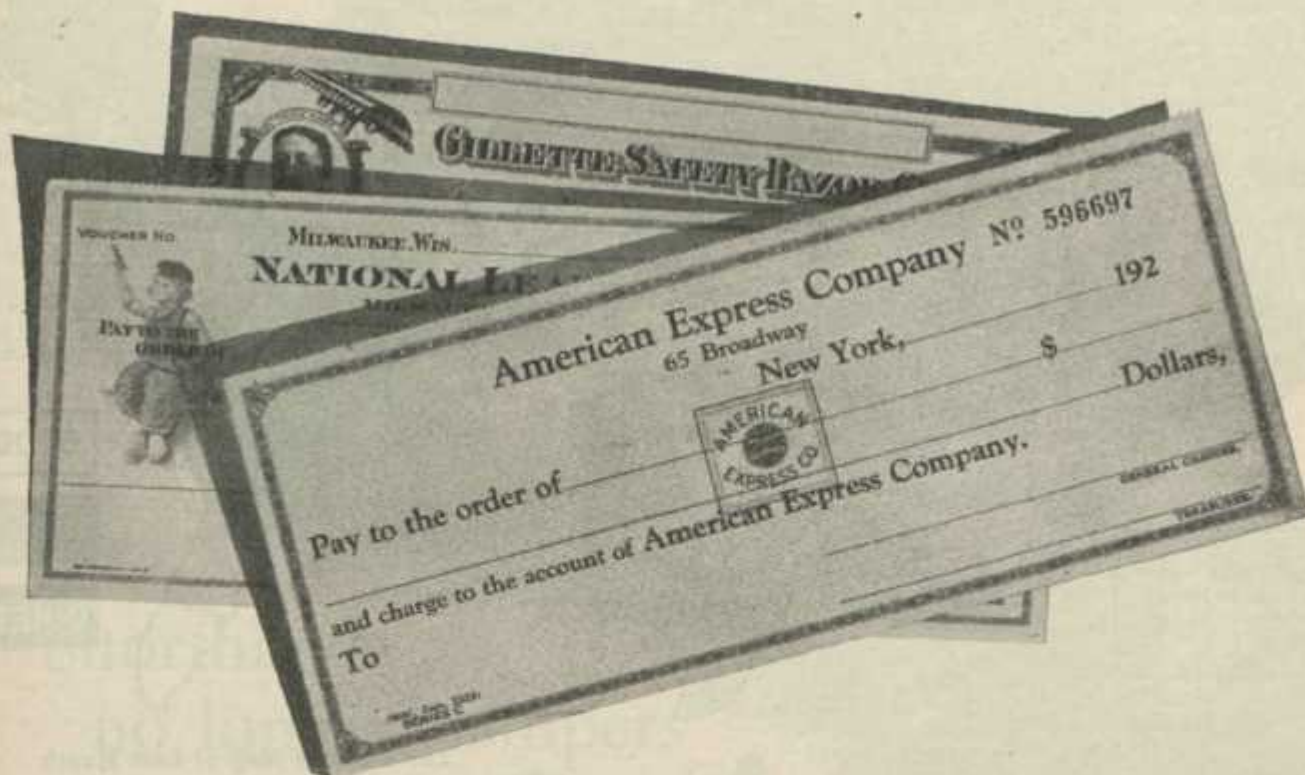
Outputs Lessened

MOST industries reported lessened outputs as compared with 1923, decreases in the first half of the year not being made up for by later activity. Mineral outputs were irregular. Copper production (refinery) gained. Iron ore fell off in conjunction with the reduced production of pig iron and ingot steel, bituminous and anthracite coal production decreased and so did petroleum. Automobile output and cotton consumption fell off.

Primary receipts of wheat increased heavily. Car loadings decreased slightly due to smaller coal, coke and ore shipments and gross railway earnings more so, but economics in operation returned about as much net income as in the previous year. Electric power production increased.

Exports of wheat, rye, barley and rice, copper, cotton, leather and petroleum increased while those of iron and steel, meats, dairy and cotton goods decreased. Stock and bond sales were large but not of record yearly proportions despite big totals after election. Mail-order and chain-store sales broke all records. Failures were third in number and liabilities were the second largest ever reported in this country's history, with bank failures furnishing 40 per cent of all the

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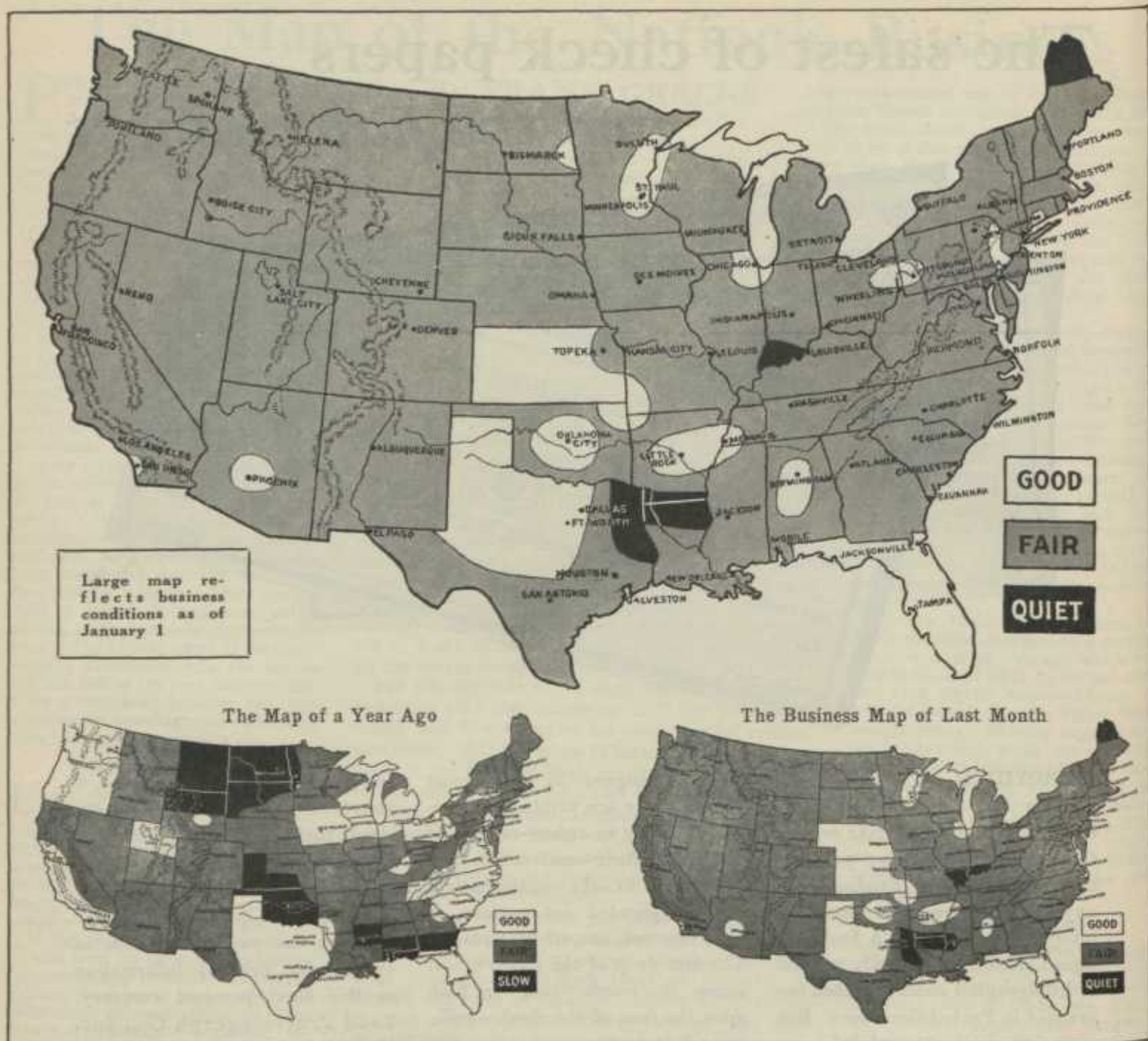
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liabilities. There are enough examples here of reduced output to show that 1924 was not a year of first importance in production but in practically every case the annual returns showed far better than they did at midyear when the industrial depression was at its worst and perhaps an eighth of the industrial workers, notably soft-coal miners and textile operatives, were idle.

Mention has already been made of the optimism so prevalent at the close of 1924. So marked is this, indeed, that some observers are inclined to express fears that some disappointment may possibly occur from anticipations being keyed too highly. It is pointed out that there has been little evidence as yet to indicate that the buying community, now accustomed to immediate need of piecemeal buying, as it was stigmatized in 1924, is likely to abandon its strategic position.

Then, too, the rise in prices from the low of July 1, to a point well up to the high point touched in March, 1923, when warnings against overdoing the prosperity of that year were issued, is noted as a possible dis-

turbing element. The possibility of the farmer, especially the wheat grower overdoing a good thing and planting too much is also mentioned. In the steel trade, which has a full first quarter of 1925 production sold ahead but which knows what is possible in the way of increasing production, there is a slight trend toward conservatism and stabilization.

"Not So Good" Says M. A. M. A.

THE MOTOR and Accessory Manufacturers' Association held their annual convention recently. "Profits have been unsatisfactory in the parts business for some time, and the need for readjustment of policies to provide better dividends was emphasized," *Automotive Industries* tells us. "Practically all of the executives at the meeting were a unit in their desire for better cooperation from vehicle builders as regards living up to release promises." They are planning "To scan credits more closely than ever before. To so adjust relationships . . . with the vehicle builders . . . as to permit . . . more economical manufacturing . . . To find out more about distribution . . . To get a profit on the sale of orig-

inal equipment units. To increase foreign trade." Mr. Alfred Reeves, general manager of the National Automobile Chamber of Commerce, counts the past year as "successful, for it taught the industry what is the actual absorption capacity and brought about a better balance between production and sales."

Mr. Richard F. Grant, president of the Chamber of Commerce of the United States, in addressing the convention, said he felt it a reproach to business men that they show a "lack of interest in national problems and urged individual activity on the part of those engaged in management when help is needed in finding the right answer to important national questions."

What's Wrong With Shorthand

Executives say:—

- "She's busy now. Let it go."
- "Has all she can write today."
- "I used up her time dictating."
- "Interruptions hold her up."
- "She can't get out all she's taken."
- "She can't help me with other things."
- "I'm forced to cut dictation short."



What's Wrong With Shorthand

Secretaries say:—

- "No time for real secretarial work."
- "Shorthand is nothing to boast of."
- "Its routine kills my ambition."
- "Strained attention leaves me lagged."
- "Cold notes are maddening."
- "The 3 to 5 pressure is terrific."
- "The other girls can't help me out."
- "Yes, I do mind staying late."

Shorthand no longer hampers this man

How much more work is turned out by a man who uses The Dictaphone than by a man of equal ability who clings to shorthand?

SOME say 50 per cent. more—others claim more than that.

Thomas W. Russell didn't know.

But he did know that the insurance business of Allen, Russell & Allen was stepping fast. That competition was terrific. That other interests were crying for more attention. Whenever he had to be out of the office the greater part of a day he had batches of left-over dictation to get through on the following morning before he could tackle the new day's work.

A generation ago, the shorthand

invention may have seemed startling in its speed and efficiency. But it is far too old-fashioned for such a modern office as Thomas W. Russell's.

Miss Reardon agreed with him. She saw that at last there was a chance to do more than stenographic work—a chance to do real secretarial work.

So today Thomas W. Russell enjoys a freedom from delays and enslaving routine which are hampering other executives. The Dictaphone has increased his working capacity, broadened Miss Reardon's usefulness to him and to herself.

Unquestionably, The Dictaphone is one of the factors responsible for Mr. Russell's writing more insurance last year than any broker in Connecticut.

An Invitation to Skeptics

Our fathers scorned the typewriter—until they gave it a fair trial. It is certain that many executives who have never used The Dictaphone are likewise skeptical. We ask them to see if this skepticism is justified. The Dictaphone will be lent to any executive who wants to try it out. It can be kept until he finds out at his leisure what a great help it is. Notify the Dictaphone office nearest you and have one sent today. It places you under no expense or obligation.



Ethel M. Reardon, Mr. Russell's secretary, by letting The Dictaphone do the routine work, is able to devote time to more important matters.

"The Dictaphone has given me a new independence. I don't have to lay out my day's program just to fit in with the daily mass of correspondence. I am free to come and go, free for morning interviews, free for anything. It is like releasing a reservoir of new energy."

"My secretary, Miss Reardon, has time to do many important things which she couldn't attend to when all my memos and letters had to be taken down in shorthand."

—Thomas W. Russell

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Taking the "X" Out of Taxation

By ELMER MURPHY

A DEVOTEE of the occult might see something deeply and darkly significant in the fact that there is an "x" in taxes. It is not merely the alphabetical "x," which always has appealed to the necromancers, but the mathematical "x," the Arabic *shei*, meaning *something*, used in the Middle Ages, we are told, to designate the unknown.

This shifting, uncertain quantity has been present in taxes since the days of Nineveh and Tyre. In those ancient times the tax-gatherer went up and down the countryside and took of the flocks and of the grain so much as he thought the good of the state and the needs of the sovereign required.

We have improved upon this system, but the "x" remains. We are no longer the victims of the acquisitiveness of the tax-gatherer, but in some respects we are still in the lap of the gods when, every recurrent March, it becomes necessary to make out and file our tax returns.

The vexatious "x" in taxes is income. It was comparatively easy for those who framed the revenue act of 1924 to determine whether the coefficient of "x" should be large or small, whether 50 per cent or 25 per cent of income should be handed over to the Government to keep the wolf away from the national doorstep.

Problem a Puzzle of Cross Words

IT WAS quite another matter to determine what "x" was. The struggle to eliminate it was carried on in the quiet and seclusion of the committee rooms. It is still being carried on by the Commissioner of Internal Revenue. And it will probably be going on long after the legislators who framed the revenue bill have been carried to their last resting places, there to molder and be forgot.

It is axiomatic that "x" equalled gross income minus allowable deductions. Congress did its best to say what these were, setting forth the results of its deliberations in various sections, subsections, divisions, subdivisions, paragraphs and clauses to torture and perplex the unfortunate business man whose affairs fell within these sundry and diverse categories.

Then Congress passed the problem on to the Commissioner of Internal Revenue with admonitions to make such regulations as he "might deem necessary." But, obviously, it had a lingering doubt of the success of its own efforts as well as the supplementary vision of the commissioner. Dipping still farther into the future, it provided another agency to clear away the mists of uncertainty it could not itself dispel. It set up the Board of Tax Appeals, the function of which is to determine, when a difference of opinion arises between the taxpayer and the tax-gatherer, which is right.

The creation of the Board of Tax Appeals, which has just begun to function, represents the most advanced effort on the part of government to take the troublesome "x" out of taxation. It is probably the first tribunal of its kind to place tax-assessing, so far as it comes within its purview, upon a quasi-judicial footing. It is, within a more circumscribed field, to taxation what the Interstate Commerce Commission is to transportation. It relieves the Commissioner of Internal Revenue of the discomfiting necessity of being the judge of the rectitude of his own decisions and affords the taxpayer the solace of knowing that his appeal is not to be considered by the same agency which adjudged

him a delinquent. He is no longer in the predicament of the taxi driver who was haled before the judge whom he had carried as a passenger and fined for making an overcharge.

We have developed the theory of taxation until it verges on science, but at the same time it has become in practice a far more complicated thing than it was in the days of Nineveh. Then sheep were sheep and a tithe of corn was a definite measure.

Nowadays sheep are, from the point of view of the tax-gatherer, an animal product compounded of capital investment, transportation and feeding costs, labor costs, depreciation of buildings and equipment, and various other items.

To the tax-gatherer, who is in the habit of clinging to the traditions of his kind, it might appear to be a fat, woolly creature, ready for the shears and the butcher's block—an asset easily convertible into gold.

To the taxpayer it might at the same time be regarded as a monument of failure, the visible image of effort wasted, a thing that has eaten itself into an abstraction, a minus quantity—in other words, a debt.

No one, a few years back, would have associated business activity with the saving of souls. Yet the two have been brought into rather close proximity by a decision in one of the first cases to be decided by the Board of Tax Appeals—Case Number 6 of its rapidly lengthening docket.

The Poinsett Mills, a corporation organized under the laws of South Carolina, in computing its income for 1920, put down, as an "ordinary and necessary expense," a contribution of \$1,006.49 toward the building of a Baptist church in the village, the population of which consisted almost entirely of its own employees.

It was not a gratuity, a donation to a religious institution, but a business expense. The president and manager of the corporation might or might not have been solicitous for the spiritual welfare of the people. That had nothing to do with the case. What they were intent upon was the prevention of a large labor turnover. The churches of Greenville were too far away, and to keep their employees they found it necessary to build the church. Since 1920, as a matter of fact, they have found it necessary to build even a larger church.

Tax Appeal Saves the Church

THE COMMISSIONER of Internal Revenue could not see the situation in this light. He ruled that a donation to build a church could not by any imaginative flight be regarded as an "ordinary and necessary expense." The Board of Tax Appeals, on the contrary, ruled that it was not only necessary but sound business policy.

Here was a specific case—and the board deals only with specific cases—but it involved a general principle, a sort of guide post, which points a direction both for the taxpayer and the tax-gatherer. The board said, in its opinion:

In these days of the larger development of the sphere of activity of churches, no hard line of distinction may be drawn between charitable and religious uses in considering a contribution to a church. The general acceptance of welfare work among employees, on the part of manufac-

turing, mining and lumbering concerns, as a means of reducing labor turnover and eliminating industrial strife, is something of which this board must take judicial notice. We believe that the Federal Government should be the last to fail to recognize the elements and value of welfare and social work among industrial organizations and that it should do everything to encourage the betterment and contentment of those who labor in industrial communities, such as the mill village of the taxpayer.

To that extent, at least, is one "x" eliminated.

The first appeal decided by the board involved the perplexing question whether a sum of money paid by a corporation to one of its officers was to be considered as a gift or compensation. Before the days of the income tax it mattered little. Gift, salary or windfall from heaven, the recipient carried it off to the bank and counted himself lucky.

But under the present order of things the difference could be computed in an imposing row of figures. If it was a gift, the recipient could keep all of it. If it was to be regarded as a salary, or income in the technical sense, he would have to turn a large part of it over to the Government.

When Is a Bonus Not a Bonus?

BRIEFLY, the taxpayer was the general manager of a coal company which had prospered exceedingly. The directors decided, out of the emoluments it had received, to pay various sums aggregating \$3 per share of the stock of the company. The general manager received \$35,000. This, he said, was a gift. The commissioner ruled otherwise. For sundry reasons the board, in its wisdom, decided that the commissioner was right, and the taxpayer was compelled to pay the deficiency.

How far the computation of income takes one into the realm of the abstract, the twilight zone that lies between good, hard cash and paper profits—or debts—is illustrated by a third case brought before the board, a case growing out of the purchase of a leasehold on a hotel in New York City.

The purchaser contended that it was worth at least \$78,000 and that he could deduct, under the general head of depreciation, a certain amount annually, representing the exhaustion of the lease, based upon this valuation. In support of this contention the report of a real estate expert was submitted to show that the prevailing market value of the lease was \$100,000. It was also asserted that in view of the fact that the purchaser had been able to secure police protection—the hotel having up to the time of the sale of the leasehold been the sort of place that required unusual police surveillance—the value of the leasehold had accordingly increased. To this argument the board turned a deaf ear, but it shows how nebulous the factors entering into value or income can be.

The board, in its decision, stuck to facts—at least, to one fact—admitting at the same time that "while the elements of value vary and the evidence to establish the ultimate fact differs widely with the circumstances of the thing to be valued, it is seldom that the problem can be satisfactorily solved by mere mathematical computation."

In other words, put not your trust in arithmetic when determining your income. It is a problem in higher mathematics, involving, if not the fourth dimension, something equally intangible. The one fact to which the board clung was that the leasehold had sold at a

When the Sales Tide is rising use the TELEPHONE



AT THE RUSH SEASON of the whole year, at the very crest of the tide of orders, the New York manager for a world-known maker of fountain pens and pencils placed his ten field salesmen at long distance telephones with lists of customers before them. Last minute orders were brought in in time to be filled, dealers were spurred to extra effort to sell, and thousands of dollars' worth of business was brought in that both company and dealers would have lost.

The fastest salesman in America is the telephone. It eliminates distance and out-travels time when every hour, every minute counts. At their peak seasons of sales, when business will not wait, the telephone earns millions of dollars for American businesses. It gets the orders that otherwise could not be taken and filled in time. By the quick service, it creates additional millions in good-will.

The long distance telephone is used by thousands of leading concerns for daily sales solicitation. Bonds, locomotives, hosiery, piece goods, fruits and produce, matches, motor trucks, real estate are a few

of the products bought and sold day by day on the long distance telephone. Ten thousand long distance calls an hour stimulate and quicken business.

Are you fully utilizing the amazing business potentials of your telephone? The Commercial Department is ready to help you discover new possibilities in the wider use of long distance facilities. Call your local Bell headquarters. In the meantime, you are used to selling a few miles away over your local telephone. Why hesitate at a few hundred or a few thousand? Any concern, anybody, anywhere, is yours for the asking. . . . *Number, please?*

BELL LONG DISTANCE SERVICE



receiver's sale for \$23,002.88, which is drawing it down to a pretty fine point, and it held that this sum represented the value and that the deduction for exhaustion was to be computed accordingly.

The intricacies and complexities encountered in the computation of net income are without number. What shall be allowed for the depletion of natural resources—the coal taken from the earth and the timber cut from the forests? What constitutes a personal service corporation—a question propounded by Winthrop Ames, the theatrical producer, who has incorporated himself into the "Office of Winthrop Ames." What may be set aside not only for the depreciation of equipment, but for the exhaustion of a business enterprise of a temporary character? What, of the thousand and one things that enter into industrial production, are necessary expenses, and what are mere business idiosyncrasies?

The Bureau of Internal Revenue of the Treasury Department is reaping the whirlwind sowed by Congress in the revenue bill. Struggle as it will, the accumulation of problems grows. Obviously if the income tax is to go on—and it is a thriving, healthy youngster with a long life before it—uncertainty cannot be piled upon uncertainty, leaving the bewildered taxpayer to wander in a lengthening maze of doubt and indecision.

The creation of the Board of Tax Appeals is at least a step toward higher ground. It is an institution with a purely judicial function, quite separate from the administration of the tax law.

It is not too much to hope that, in the course of time, it will bring out of the confusion the traps, and the pitfalls, the bogs and the hazards that lie in the course of the income tax a set of principles which will enable the justly tired business man to drive in the general direction of the green, although he might not attain it at the first shot—just as, to draw a parallel, the chancery courts of England, originating as the offices of the King's Chancellors, evolved certain principles of equity and common law for the guidance of generations to come after them.

No Black Magic in Adjustment

THE DUBIOUS processes of tax adjustment, which enabled the unscrupulous adjuster to give the impression that there was something inscrutable and mysterious in having excessive assessments scaled down, have been in some measure inherent in the system. The enterprising agent, working on a contingent basis, has, after convincing the unfortunate taxpayer that he possessed this magic, sought by a process of attrition to wear down the patience of the administrators in the Bureau of Internal Revenue as well as the assessment. His chief virtue has been persistency. It might be laid down as a cardinal rule for the observance of the taxpayer that there is no black magic in tax adjustment. What they need is not a prestidigitator, but someone who knows about taxes and can make his knowledge effective.

To this end the Board of Tax Appeals has restricted counsel that may appear before it to members of the bar and certified public accountants. This, it is expected, will eliminate those advocates who have swarmed about the Bureau of Internal Revenue and sought to turn a more or less honest penny by trading on the credulity of the harassed taxpayer who, in his bewilderment, was ready and anxious to turn in any direction for a helping hand.

The board is endeavoring to hear and to decide promptly tax questions that come within its jurisdiction—that is, to review the

determination of the Commissioner of Internal Revenue with respect to income and profits taxes, estate taxes and the new gift taxes. It provides an expeditious method of disposing of troublesome differences of opinion between the commissioner and the taxpayer whom he has assessed for a deficiency.

It does not attempt to do more than this, but it is not without the range of reasonable

prophecy to suppose that its opinions will eventually provide a fairly substantial background for a revenue bill, that they will point the way to taxes that may be easily collected and to those which involve more trouble and uncertainty than the returns justify, and that they will constitute a compendium on tax-gathering for the edification and enlightenment of Congress itself.

Virgin Islands Lose Perfume

PERFUME—perfumer—per, through, fumare, to smoke—a censer, incense. "The gods themselves throw incense."

Frankincense and myrrh; aloes and amber; orange and rosemary and rose—"All the perfumes of Arabia" from wood, bark, gum, roots, leaves, seeds, petals, rind, the secret of their preparation learned from Egypt by the Greeks and Romans: Pliny and Seneca are said to have possessed considerable knowledge respecting perfume drugs. The Athenians were perfume users and loved the odor of the violet best.

A violet in the youth of primy nature,
Forward, not permanent, sweet, not lasting,
The perfume and suppliance of a minute.

But the Arabs, too, were adept in the preparation of fragrant waters, and it was from them that the Crusaders learned the art and introduced it into mediaeval Europe.

Perfumes, like passions, cannot outlive their day, and what was dabbled on the kerchief of every dandy in the age of snuff-boxes, satin breeches, and rapiers, is ignored or scorned by men addicted to chewing-gum and work who are ill at ease in anything but fustian. And with the rest, Bay Rum, that perfume once dear to the masculine heart, is gone—no, not to be found, even "on the shelf."

When the Virgin Islands were owned by Denmark, a wonderful Bay Rum was distilled there. The United States came into possession of the territory in 1917. And now distilleries and warehouses are closed and the men and women to whom Bay Rum meant life have nothing. The trade is dead. The people are destitute.

Perfume importers say that the industry, revolutionized by the introduction of synthetic products, has swept aside the old-time stuff—that it is competition which is responsible.

Whatever the devastation in his wake, "synthetic" is the conqueror today. Bay Rum was made by mixing oil of bay, distilled from the leaves of the myrcia acris of the West Indies, with alcohol and water, and adding small quantities of oils of orange peel and pimenta. Now it can be copied without a bay leaf to its honor. Chemists combine those substances which analysis showed to be the source of odor in the plant, and lo! synthetic perfume. For example, "ionone" is the artificial odor of violets: Now "throw a perfume on the ionone," Mr. Shakespeare!

The natural perfume industry still flourishes, however, and every year, at Grasse on the French Riviera, some 5,500,000 pounds of orange blossoms go into the hopper, 4,400,000 pounds of roses blush unseen in the steam condenser, and 1,400,000 pounds of jasmine flowers yield up their exotic lives on the altar of beauty, not to mention violets, tuberose, cassia, and others. And flowers for perfume-making are grown in Turkey, Bulgaria, Arabia, India and Syria.

The process of getting the perfume out of flowers is accomplished in several different ways based upon the volatility of the oil to be

derived. If the oil will not volatilize too rapidly, steam is passed through a mass of petals and immediately into a condenser where the oil and water components separate. Otherwise the essences are extracted by pressing, or by the use of solvents, or by macerating in fat, or through the "enfleurage" method—where glass trays, coated with pure tallow or lard, are laden with petals, stacked, and allowed to stand until the fat is charged with perfume which is then extracted with alcohol.

There is another source of the "natural" perfume. The essences derived from animal sources are at least as important as the vegetable ones, for they serve to make permanent the breath of the flowers which without them would dissipate too quickly. The musk ox, the muskrat, and the Florida alligator produce "musk." And there is the civet cat for civet—the use of which scent Cowper scorned.

I cannot talk with civet in the room,
A fine puss-gentleman that's all perfume.

The spermaceti whale for ambergris, and beaver for castor.

Displacing these "natural" perfumes are the "artificial" or synthetic products. These are made either by discovering the chemical elements which produce the natural perfume and manufacturing them, or, by creating some combination which smells like the other but has no ingredient in common with it.

Synthetic production began in the 19th century when Grimaux, Lauth and others proved that "natural odors could be reproduced in the laboratory by combining the substances which produce such odors in nature." Later it was found that the odor ingredient in vanilla pods could be produced by synthesis of vanillin. At the present time, the natural and synthetic products are combined extensively. And with such wide and alluring advertising and such unguardedly descriptive names, good perfumes—while not gaining ground with men—are becoming increasingly popular in our department stores and women's specialty shops, perhaps an expression of "that incense of the heart whose fragrance smells to heaven."

Canada Loses Wheat Export Lead

THE LEADING wheat-exporting country is the rôle being played by the United States once more this year. It used to be the usual rôle year in and year out for the United States, but times have changed, and Canada, after holding for several years the premier position as purveyor of wheat to the rest of the world, bade fair to keep its leadership. Year before last Canada sent abroad 274,000,000 bushels of wheat, and we shipped 201,000,000. Last year Canada exported 343,000,000 out of its great crop, to our 128,000,000. This year Canada has fared badly in her crop, and cannot ship abroad more than 190,000,000 bushels, whereas we are pretty sure to export 200,000,000 and may reach 225,000,000.

There are 161 direct company branches at your service located in the following cities:

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Birmingham, Ala.
Bismarck, N. D.
Boston, Mass.
Buffalo, N. Y.
Cedar Falls, Iowa
Cedar Rapids, Iowa
Charlotte, N. C.
Chattanooga, Tenn.
Cheyenne, Wyo.
Chicago, Ill. (3)
Cincinnati, Ohio
Cleveland, Ohio
Columbia, S. C.
Columbus, Ohio
Council Bluffs, Iowa
Dallas, Tex.
Davenport, Iowa
Denver, Colo.
Des Moines, Iowa
Detroit, Mich.
Dubuque, Iowa
Duluth, Minn.
East St. Louis, Ill.
Eau Claire, Wis.
Elmira, N. Y.
El Paso, Tex.
Evansville, Ind.
Farmington, N. D.
Fort Dodge, Iowa
Fort Wayne, Ind.
Fort Worth, Tex.
Grand Forks, N. D.
Grand Rapids, Mich.
Green Bay, Wis.
Harrisburg, Pa.
Helena, Mont.
Houston, Tex.
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Knoxville, Tenn.
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Ogdenburg, N. Y.
Oklahoma City, Okla.
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Peoria, Ill.
Philadelphia, Pa.
Pittsburgh, Pa.
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Saginaw, Mich.
St. Cloud, Minn.
St. Joseph, Mo.
St. Louis, Mo.
Salina, Kan.
Salt Lake City, Utah
San Antonio, Tex.
San Francisco, Calif.
Sioux City, Iowa
Sioux Falls, S. D.
South Bend, Ind.
Spokane, Wash.
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Topeka, Kan.
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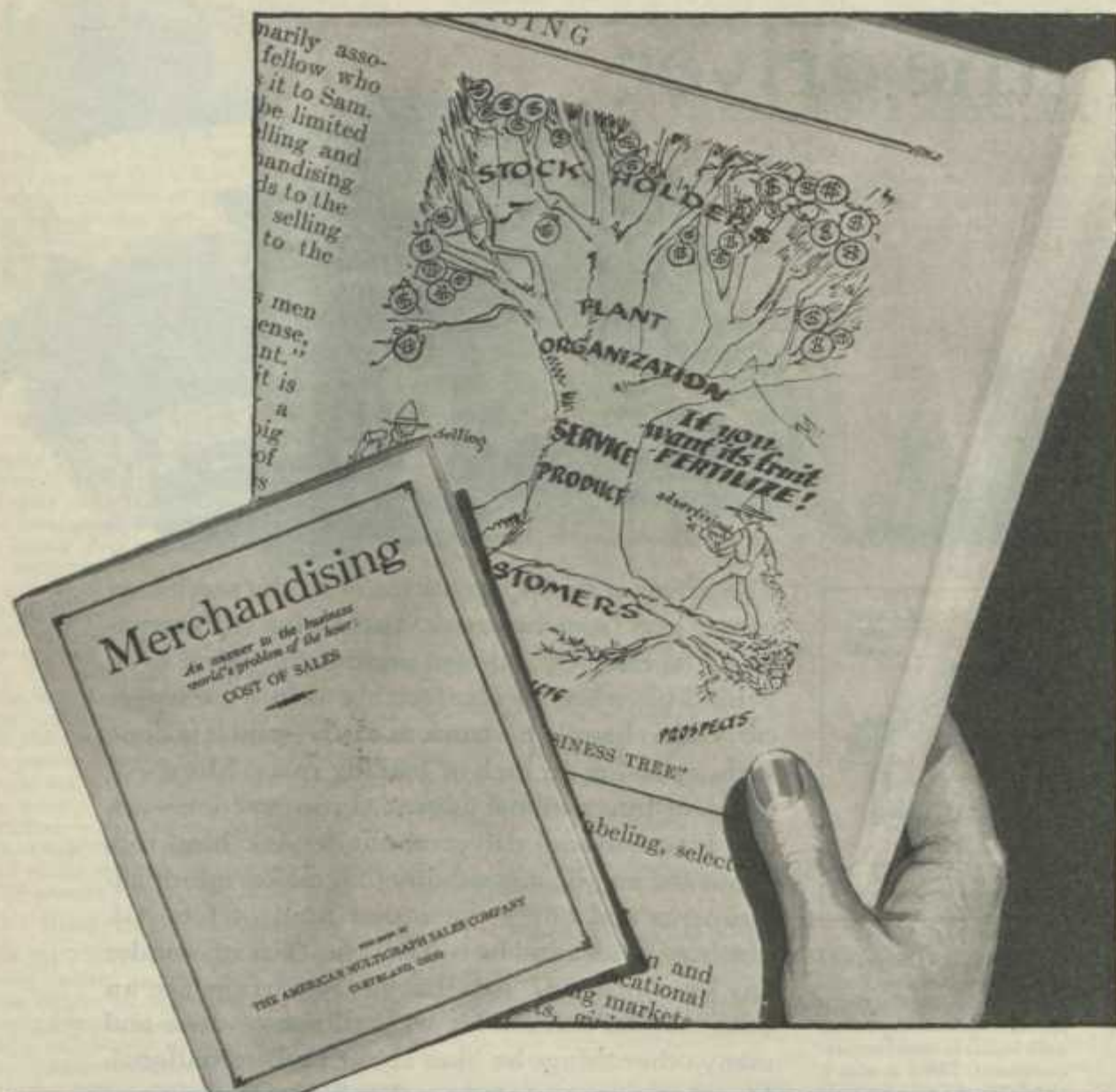
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in Business is Customers

How to Get More of Them at Low Cost is the Need of the Hour

Your business does not consist of land, buildings, machines, capital and stockholders, but of *customers*. Without customers, all those other things—no matter how importantly and arrogantly they assert themselves—quickly vanish.

The big job of any business, and of everyone in it, is to locate new prospects, make new customers, satisfy old customers, and in every possible way bring in repeat business. Consequently, *how to get and keep customers at low cost* is information well worth having.

It was with this thought in mind that our newest volume, "Merchandising," was written. This book, now in its second edition (revised and improved), explains and illustrates some aspects of *merchandising* which relate both to your particular situation and to general conditions.

Your particular business may not be national in scope, but the *conditions under which you sell* are governed by national practice because the vast majority of business concerns are related in some way to *national distribution of volume production*.

Scores of plans, schemes and methods have failed because they did not sufficiently reflect the most important thing in business as it is today. As published by one of the oldest exponents of present-day merchandising methods, our book, "Merchandising," is well worth reading and keeping.

There is no other book like it anywhere; comprehensive and graphic, it portrays a common "cause" for present *cost of sales*, and explains the proper remedy.

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Ambassadors of International Trade

By CHARLES D. HURREY

"WE BUY from the country in which we obtained our training. Associated with me at present are twenty-five graduates of American engineering colleges; practically everything that we need in railroad construction and operation we purchase from the United States."

Thus spoke Dr. C. C. Wang, president of the China Eastern Railway, during my visit in his home in Harbin, Manchuria, two years ago. He is one among many prominent industrial leaders in China, Japan, India and Latin America who have been trained in American colleges, and are today influential in promoting American trade.

The songs and cheers of Cornell, Pennsylvania, Massachusetts "Tech," Yale, Harvard and Michigan resounded that night in Harbin, as twenty-five recent Chinese graduates celebrated with a feast and talked of college days in Uncle Sam's domain. Every one of those Chinese graduates is grateful for the hospitality and help of his good friends in America.

The "Impossible Turk," Too

THIS testimony from China is supported by other nationalities. Shukri Hussein has just completed his studies with honors at Cornell University, and has returned to his father's estate near Angora to introduce modern methods in agriculture. During his four years in the United States he rolled up his sleeves and went to work operating harvesting machinery, roughing it with the cowboys, and toiling in forest and mine. With him to the heart of Asia Minor go American machinery, tractors, motor cars, etc. "I know and love America," he writes. "Your people have been most hospitable and kind. I shall never forget their kindness as I seek to serve my people and country in the field of modern agriculture."

Eighteen months ago in the office of the minister of education in Cairo, I was shown a clipping from a Detroit paper, telling the story of a group of Egyptian young men who had come to America for training in electro-mechanics. Their pictures were printed with a glowing account of their first impressions as they were met by representatives of the United States Department of Commerce.

Grateful indeed are they for the courtesy and practical aid extended in planning itineraries and getting access to people, institutions and industries. In the Nile Valley may be seen the installation and operation of American machinery as a result of the visit of these Egyptian students to our country.

A Uruguayan, formerly a student of physical education in Massachusetts, now has the office of director general of playgrounds in Uruguay. The equipment of the playgrounds is purchased in the United States because the director became acquainted with our athletic goods while a student here.

A few years ago, calling at the president's palace in a Central American capital, I was urged to visit a modern normal school building; upon asking the president why he was so eager that I should visit the building I was informed that all the materials, desks and other equipment were imported from the United States. "How did you get the idea?" I inquired. "Oh, I was a student and traveler in your country," was the reply.

Students from every land, and there are 10,000 of them in the United States today, are eager to learn by doing. Some of our colleges are providing work scholarships to enable the foreign student to earn part of his expenses and to gain practical experience. The chamber of commerce in Cleveland has arranged a summer school for foreign students in road building. The Ford Motor Company, the General Electric Company and Western Electric Company have provided for temporary employment of foreign students. There were in the Ford Motor Company during last year 450 students representing 28 different nationalities, including 125 Chinese, 100 British Indians, 30 Mexicans, 15 Filipinos and 25 Italians. The management regards their employment as a useful experiment from the viewpoint of promoting the sale and distribution of the company's products.

The new immigration act states that a student, before leaving his home land, must obtain a letter from the institution to which

he is going, indicating that he will be admitted. Moreover, he must have sufficient money to cover his expenses, and he must agree to do no work for hire, under penalty of deportation. The result of this legislation is the diverting of many desirable students to European universities.

Students from the Far East, and all countries from which the quota of immigration is full, say: "You have built colleges, hospitals, Y. M. C. A.'s abroad and are supporting missionaries, educators and relief workers who preach the doctrine of good-will and the golden rule and yet, on the other hand, you make it exceedingly difficult for us to come here to study."

Further, they say: "The American people profess to believe in democracy and the doctrine of a fair chance for everyone who is willing to work hard; you profess to put a premium on brains and character and, on the other hand, you pass a law which, in operation, will show favoritism to those with financial and social pull."

Can We Afford to Offend Them?

NOW, ARE these students wrong in their reasoning—and can we afford to offend them and their people by our immigration policy?

It is true that the United States Commissioner of Immigration has expressed the opinion that Congress did not intend to prohibit students from earning part of their way, but is this expression of opinion enough? Do not the American business men, who realize that international trade and prosperity depend upon good-will and friendship, desire a ruling from the Attorney General that will grant to all bona fide foreign students the maximum opportunity for work and study in our institutions and industries, without any fear that they are violating the law?

The American business man at home and abroad is a potent factor in the world's advancement; he is generous and public spirited; he believes in the square deal. The student from abroad is a future leader of the industrial, educational and political life of his country; he is sensitive, eager and appreciative. Let him and the American business man get together in friendship, in home, church, school, office and factory.

Let them mingle in frank spirit that will bring about understanding. The student will absorb the ideals and thoroughness of the business man. The business man will learn something of his neighbor to whom he sells—will establish connection with the future industrialists. Thus shall the nations advance together.



These girl students working in the Shanghai Women's Commercial and Savings Bank, are representative of the students from China who are educated in the United States. Thousands of such young men and women return to their homes in distant lands with a friendliness toward American goods and American business. Their good-will means future foreign trade. They might be called our "silent ambassadors."



The Western Gateway to WORLD TRADE

Westward still the path of empire! Westward, this time, with new motives and a new impetus.

Across the Pacific twelve hundred millions of people demand goods and have the wealth to pay for them. A market undreamed of in all history rises swiftly in the Orient.

Two continents eye this market jealously. America competes with Europe for a mighty prize.

And America's greatest hope to win that prize is not through the Panama Canal, but through the ports of Washington and Oregon.

For these are her natural western gateway to the principal points of the world. Logically and inevitably, they are the future centers of her traffic with the East.

They mark, by several days, her shortest route to Asia and the important Oriental islands of the Pacific.

They are nearer by rail to America's fullest present industrial development than any other ports on the Pacific.

They are naturally endowed with harbor facilities that have cost other successful world ports millions of dollars to equal by artificial means.

And back of them, in the Pacific Northwest, comprising the states of Washington, Oregon, Idaho, Montana and Wyoming, are all the possibilities of a tremendous in-

dustry to support their growth:

Half of the potential water power of the United States

Half its standing timber

Oil wells and mines of coal and metals even now yielding more than a million dollars a day

Farm crops, including half the world's commercial apples and one-sixth the country's wheat, to the value of more than 500 million a year

With Alaska, the world's greatest fishing industry, with fleets and canneries producing 100 million a year

Manufacturing enterprises the value of whose products has increased 804 per cent in twenty years

Already the great ports of the Pacific Northwest dominate our fast-growing Pacific Coast commerce. The foreign trade tonnage passing through them is more than double that passing through the ports of California.

These are the things that progressive American industrialists who seek new markets in the Orient are considering in all their plans for expansion.

For in the Pacific Northwest they find their greatest opportunity now!

Write today for our interesting booklet, "The Western Gateway to World Trade." Address: Chicago, Burlington & Quincy R. R., Chicago, Ill.; Great Northern Ry., St. Paul, Minn., or Northern Pacific Ry., St. Paul, Minn.

THE PACIFIC NORTHWEST

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Tackling Joint Retail Problems

THE DEPARTMENT store lion and the specialty store lamb—or should it be the other way 'round?—can lie down together. At least, they can in Boston, where through the efforts of the Retail Trade Board of the Boston Chamber of Commerce a hundred or more retailers are working together for the common good.

The board is an offshoot—it would not be fair to call it a side show—of the chamber; and it is based on the fact that retailers have common questions to answer, common problems to meet; and if only experience can be pooled and A's knowledge be made available to B and C, not only will A be better off, but the whole job of retailing in Boston will be better done; and not only will the seller profit, but the consumer will be better served.

The board has about one hundred members, department stores, shoe stores, radio stores, every sort of store. There's no use in listing them; they make a cross-section of the merchandising life of any large city. They find a meeting place in the fact that shoe dealers and radio dealers and diamond dealers have some problems in common.

Platform of Six Planks

THEIR platform has six planks:

1. To promote, protect and raise the standards of retailing in Boston.
2. To study methods of reducing the costs of distribution.
3. To do away with unethical practices in retailing.
4. To protect the retailer against unfair legislation.
5. To develop the most efficient service to the public.
6. To make the profession of retailing an honorable and desirable one for men and women.

All of which, as submitted, are excellent purposes expressed in excellent language. But the rule about the proof of the pudding is very similar to the rule for the proof of platforms. How do they work in practice? Has the Retail Trade Board of the Boston Chamber done anything but be an organization, with officers, committees, meetings and resolutions? In other words, is the Boston retailer any better off because of the board?

Put that question to Daniel Bloomfield, director of the Retail Trade Board, and he will say, "Yes," and give chapter and verse to prove his point.

Here's one: The board found that a very great variety of folding boxes was being used in its member stores, and a committee was chosen to tackle a job of simplification. They found that forty different sizes of folding boxes were in use and that these could be cut down to twelve with no inconvenience and at a considerable saving. More than that, most of the folding boxes came from one manufacturer, and he was able to reduce the number of dies in use and in other ways to save expense. The result was that he could sell the finished products at lower prices. Not satisfied with cutting the number of box sizes, the committee found that it would be possible to do away with most of the variation in color.

There's an instance of a thing done. Here's a case of a more serious situation in retailing, one in which it is by no means easy to make the diagnosis and still harder to prescribe the remedy. It's a commonplace of retailing that one of its worst evils is the return of merchandise. The board's investigation

showed that in certain departments common to all the stores the returns in an eight weeks' period numbered 58,170, with the merchandise valued at \$722,400.

Having gained some idea of the amount of goods returned, the next step was an inquiry into causes. It was found that from 70 to 75 per cent of the returns were "customer reasons," and that just "change of mind" was the leading cause among them. Of non-customer reasons, the leading one was error in size, which led to some 22 per cent of the returns.

The remedy is less certain. In certain cases where there are outrageous abuses of the return privilege on the part of customers, the answer is probably to deny credit. In some cases it was found that women shoppers returned as high as 80 per cent of their purchases.

To find the causes of, and the remedies for unreasonable labor turnover is another of the jobs the board has tackled. Most stores were suffering from it, but an odd fact was that not all stores suffered from it in the same place.

Why should store A have a turnover of 26.7 per cent in its department devoted to women's and misses' dresses, while store B has a turnover of only 3.2. The answer that most readily suggests itself is that store B is a better place to work. That may be part of the answer, but in millinery the two stores have a turnover almost the same. Why is the turnover in the selling departments of store C higher than the turnover in the store as a whole, while in store D the situation is reversed, and the salesman and saleswoman turnover is scarcely a third of the whole store? Why should the turnover in any department in any store be 100 per cent in a month?

Plainly these questions cry out for answers, and the Retail Trade Board has undertaken to get them by questioning its members as to causes of leaving employment, whether voluntary or involuntary—in other words, "quit or fired"; and if voluntary, whether the grievance was over wages, working conditions, home conditions or any one of half a dozen causes.

"Swap" Labor Experience

ONE OBVIOUS result is to be gained from such a gathering of facts: if retailer A finds a 50 per cent turnover in leather goods and only 3 per cent in gloves, while retailer B finds his turnover among glove saleswomen far higher than in his leather goods, then A and B might well get together, go over each other's departments and swap experiences. And things of that nature are being done.

Almost any large employer will tell you that one of his chief difficulties is in securing the right sort of men and women for promotion to higher places. This was markedly true of the stores in this retail group; and what was more, one possible source of supply, the Boston schools, was not yielding its quota. The Boston schools give courses in business; and moreover, there are vocational courses which call for alternate weeks in classroom and in actual work in store or factory.

The Retail Trade Board investigated and discovered that students were not willing to come into the stores. They did not understand the opportunities offered in retailing. What was more, the school teachers seemed cold to the idea and prejudiced against the

plan of sending students into retail trade. Members of the personnel group and others connected with the board went into the schools, pointed out the opportunities the stores offered and explained that the stores were not only ready to take vocational students or graduates, but were willing to keep an eye on them, give them special training and do everything possible to help them gain promotion.

One outcome of the talks to the students was the following letter recently received by Director Bloomfield, of the board, from Louis J. Fish, commercial coordinator on salesmanship in Boston high and continuation schools:

I am very glad to bring to your attention the fact that over 1,500 pupils have elected courses in selling for next year, an increase of nearly 400. This is due in a large measure to the clear manner in which the store and its opportunities were presented to the high school pupils by you and the personnel groups of our stores. Over 50 addresses were given in the course of the year.

Place Signs over City

ONE TASK came from the complaints of visitors to the city that they lost time finding their way through the business part of the city because of inadequate street signs. The board got busy, and as a result the City Council appropriated \$10,000 for new signs.

Another like task had to do with street traffic. The board's traffic committee, headed by George W. Mitton, president of Jordan Marsh Company, helped to put through plans for street widening which should make easier access to the retail districts.

What's more, the board is trying to improve the standard of efficiency among its own executives. With that end in view they are giving courses in such subjects as Public Speaking, Commercial Law, Economics, Art in Merchandise, Textiles and Handling People at the various stores. After registering 572 executives for these courses it was necessary to halt further registrations because the instructors were overwhelmed.

So much for the things the board has done. The next question that naturally arises is: How do they do it? And the answer might be, by means of committees that work. The board doesn't care for the committeeman who says:

"Well, if you think my name will be of any help to you, why you can put me down, but you understand that I can't give any time to it. I'm full up."

In addition to committees and "groups" there is the permanent working staff headed by Mr. Bloomfield. Let us take one example of make-up and one of program. That will give enough of an idea of method. Here, for one instance, is the Committee on Practices and Policies:

George W. Mitton, president of Jordan Marsh Company, chairman; Adolph Ehrlich, president, C. F. Hovey Company; Louis E. Kirstein, vice-president of Wm. Filene's Sons Company; Robert W. Maynard, president of R. H. Stearns Company; Maurice A. McBride, manager of R. H. White Company; Charles F. Bacon, president of Chandler & Company; and S. St. John Morgan, president of Lamson & Hubbard Company.

"That the retailers of a city can work together and can accomplish something, but they can only do it if each is willing to give as well as to take."

It is the *unsuspected* danger that overtakes a plant—the danger you think you have guarded against.

The precautions you have taken against fire give you a sense of security, but are they wholly dependable?

Fire is patient—never discouraged—always on the alert for an opening.


You—the head of your business—the man who stands to lose the most if anything happens—should *know* that your property is as safe as human skill can make it.

We offer you, *without cost or obligation*, a Fire Prevention Service which we believe to be more thor-

ough, more searching, and more comprehensive than any you have ever had.

Our engineers have been trained in an institution that has studied fire causes for over a century. They may show you ways of reducing your insurance premiums. They will undoubtedly show you ways of reducing your risk.

See the Hartford Agent near you regarding the service, or write direct to us.



Fire, like a thief in the night is always waiting to get in.



INSURE IN THE
HARTFORD FIRE INSURANCE COMPANY, Hartford, Conn.

When writing to HARTFORD FIRE INSURANCE COMPANY please mention Nation's Business

Arbitrating Foreign Trade Disputes

SUPPOSE that you, an American business man, are in dispute with a foreign firm. What can you do?

You probably write another letter. Both of you believe you are in the right. You get back a flat refusal to agree to your suggestion or to meet your claims.

Then you start to look over the possibilities of legal action. How do you go about obtaining legal redress? Cite the foreign firm to appear in an American court? Suppose you win your case in the American court. Do you think it will be easy to induce a foreign court to authorize the execution of an American judgment in that country? You would probably find out that this requires so many formalities that your American judgment eventually resembles the famous scrap of paper. Of course you can go abroad and sue your firm in its own country but this will be extremely expensive and unless the claim involved is a large one you will probably decide to write it off to experience and not incur the expense and trouble of a lawsuit abroad.

Even if you do go ahead in a foreign suit you find that you are unacquainted with the foreign code, with foreign usage, and with the language of the judge. And you know perfectly well that the judge is liable, unknown to himself and despite his desire for impartiality, to feel a natural sympathy for the case of his compatriot. The experience of other American firms you know confirms you in your apprehension. Probably he will pronounce judgment in accordance with local commercial usage and will refuse to take cognizance of business usage in America.

After one experience you will probably be willing to forego all except the gilt-edged opportunities of doing foreign business rather than run the risk of the high cost of foreign litigation.

Settled in an Hour

THEN, after you have burned your fingers, suppose you run across a man who tells you that he knows a way out, an organization that has solved the problem. He tells you of a case where a bitterly disputed claim between a French firm and a Belgian firm was settled amicably in an hour. To your incredulous amazement he goes on to tell you of a Dutch firm and a French firm who after futilely bickering for months settled their difficulties in an hour. And then he increases your amazement by telling you of a case involving 400,000 francs which was settled in sixty days by this wonder-working system with a total cost of less than \$300. He finally floors you by adding another example of a case involving the sum of 750,000 francs where the two parties had failed to agree on the terms of a contract and were threatening legal action. After a three-hour debate before this miraculous agency for adjusting difficulties a full agreement was arrived at.

And when you ask him about this method of avoiding so many complications and so much expense and what agency it is that thus smooths the path of international trade he tells you that it is the International Chamber of Commerce and its Court of Commercial Arbitration.

Of course you want to know what it is. Here is the explanation. The International Chamber of Commerce, recognizing that a progressive merchant desires first of all, security in his dealings, has set up a court of arbitration and has made it possible to obtain such security by inviting exporters and importers

By **EDGAR CAROLAN**

European General Director of the General Electric Company and President of Executive Committee of the Court of Arbitration of the International Chamber

to insert in all their contracts with foreign traders the following clause:

The contracting parties agree to submit to arbitration, in accordance with the Arbitration Rules of the International Chamber of Commerce, the settlement of all disputes in connection with the interpretation or the execution of this contract.

This clause obliges the parties to submit to arbitration any or all disputes arising from the contract. The obligation so assumed is recognized by the law of most countries, and should it become necessary to apply legal pressure for the execution of an arbitration award, the courts of law of most countries would support the award and enforce performance. Such a clause, therefore, constitutes a guarantee of inestimable value for business men. Even when a correspondent is guilty of bad faith or of malpractice, he is bound by this clause, and, when the time comes, must appear before the arbitrator. As a result, we have the combined menace and guarantee of national law courts extended to the domain of international commerce.

It will perhaps be objected that the arbitration clause is not yet recognized by the legislation of all countries and that the guarantee which it represents is still insufficient. The answer to this objection is simple: the very countries which do not recognize an arbitration clause—France or Brazil, for example—have recently signed a protocol drafted by the League of Nations, by the terms of which the various contracting states recognize the validity of the arbitration clause in contracts between nationals of these states, even when it is provided that arbitration shall take place in a country foreign to those to which the contracting parties belong. The same protocol requires that the contracting states facilitate arbitration proceedings in their respective countries, insure the execution of arbitration awards and prevent the hearing by law courts of cases presented for judgment in defiance of an arbitration clause.

How does this arbitration clause work out in practice when inserted in a contract between you, an American, and a foreigner, an Englishman, for example?

Suppose that a difference arises due to the fact that the merchandise delivered by the Englishman does not seem to you up to sample or specifications. You inform the Englishman. He refuses to admit your claim. What do you do then?

You advise the American Section of the International Chamber of Commerce, whose offices are with those of the National Chamber in Washington, and request arbitration. The American Section transmits your statement and request to the Court of Arbitration in Paris. The court takes cognizance of the request for arbitration and informs the English exporter that you have made this request.

Meanwhile, it appoints an arbitrator, or rather, it requests a neutral section from among the nineteen national organizations included in the International Chamber of Commerce to submit a list of experts from which list it chooses an arbitrator. In your case, the Arbitration Court would probably call upon the Belgian or the French Section for

the names of technically competent arbitrators. The arbitrator thus chosen will examine samples of the goods in dispute, may hear the parties, or if they so desire, judge only from the documents, and finally make his decision.

The Court of Arbitration designates not only the arbitrator but the place of the hearing. This is an extremely important point.

It is only in England that performance of sentence can be carried out. The Arbitration Court will probably decide that the hearing take place in England, and the Belgian arbitrator—supposing a Belgian is named—will go to England and will hear the case, doubtless at the headquarters of the British Section of the International Chamber of Commerce, where he will pronounce his award.

This award, pronounced in conformity with the English law, will have the value of an English award. Its execution will not be hedged about with those difficulties which a foreign award might encounter; immediately it will have full legal sanction.

At this point it is well to say that the spirit of the arbitration rules of the International Chamber does not contemplate the employment of legal constraint—though this may at times be necessary—for the execution of arbitration awards.

An award handed down in the name of the International Chamber of Commerce carries a double guarantee: it has full legal sanction and may be presented in a Court of Law for enforcement by the agents of the court; but above all, it is made in the name of an institution whose moral authority alone suffices in the great majority of cases to cause the loser to pay.

Ford's Methods of Saving

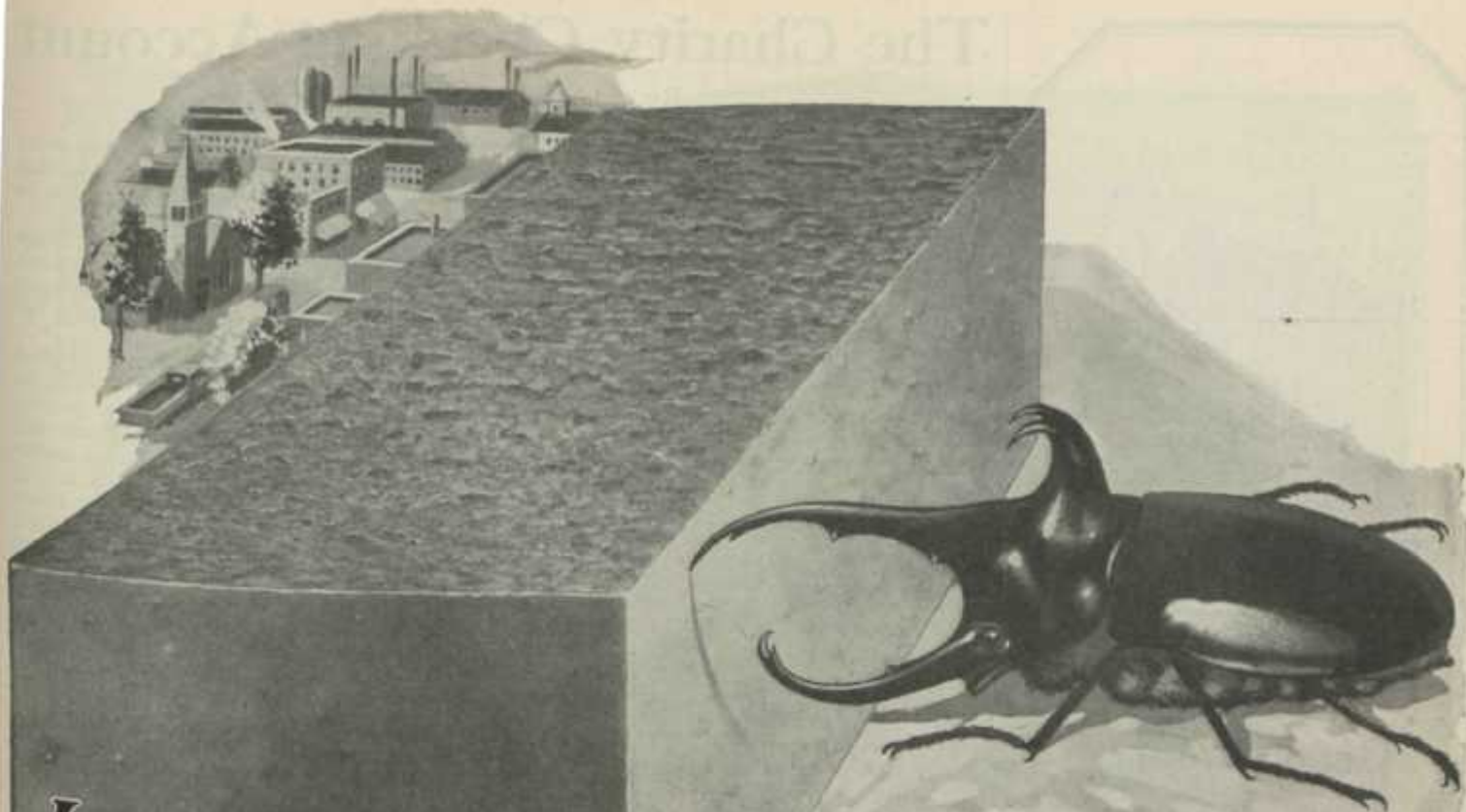
AS A SIGNPOST for all who would travel the road to wealth, the figures of Henry Ford's profits from waste are invaluable. No wise business man will read them and not apply to himself the salutary test of comparison.

Automotive Industries computes the Ford returns for the year 1924, on by-products alone, at "in excess of \$13,000,000 . . . of which \$4,000,000 represents the return from the sales of by-products reclaimed from waste."

By-products from the Ford coke ovens such as gas, benzol, and ammonium sulphate "bring in more than \$1,150,000 annually." Slag from the blast furnaces produces Portland cement at the rate of 1,000 barrels a day. Hardwood scrap from the body-parts plant furnishes pitch, creosote, refined wood alcohol, acetate of lime, and charcoal which in the form of briquets goes into hotel ranges and home kitchens. Odd pieces from the plate-glass factory are disposed of to mirror concerns and others. Junk metal reaches a huge yearly value. And, finally, excess electric power is sold to the surrounding territory.

The packing industry has boasted that, in pork packing, everything is used but the squeal. If manufacturing plants would follow Mr. Ford's example they would soon be in a position rivalling the meat packers. The profits from waste are crying to be taken. Why such indifference to easy money?

Perhaps this attitude may be compared to the starving pauper on his way to the poor-house who, on being offered some corn to assuage his hunger, made no effort to accept the gift but asked "Is it shelled, boys?"



*It takes a long time for the Tax-Bug
to eat through a Vitrified Brick-
-- and in the meantime
the bonds are paid off*

VITRIFIED brick pavements armor a community against excessive taxes due to paving expenses.

Scores of brick pavements laid twenty to thirty years ago are in use today—the bonds which built them long ago retired.

Compare that record with the cost to a community which must *repave before* the bonds on less durable pavements have even approached maturity!

The shrewd, far-sighted business man is a vigorous advocate of vitrified brick pavements—the pavements that **OUTLAST THE BONDS**.

NATIONAL PAVING BRICK MANUFACTURERS ASSOCIATION
ENGINEERS BUILDING CLEVELAND, OHIO

*The
Pavement
that
Outlasts the
Bonds*

**VITRIFIED
Brick**



Will You Help Your Town Get a Hotel?

The fine, distinctive (if not large) hotel shown above and which will soon be erected in Hickory, N. C., was recently but an idea, a vision, in the mind of ONE MAN—a civic leader of Hickory.

Then came the Hockenbury plan of community hotel finance at the request of other civic leaders of Hickory. Following a most comprehensive hotel survey, the Hockenbury plan was inaugurated and in one week's time \$306,200 in hotel securities was sold to meet an objective of \$300,000.

Thus the Hotel was assured!

This Hotel, however, is but one of many financed by the same effective plan.

Perhaps YOUR town needs more modern Hotel facilities. Perhaps YOU are the man of vision in YOUR community who can bring about this needed civic improvement. If you are, let us place your name on our complimentary civic list, "C-2," to receive each month a copy of THE HOTEL FINANCIALIST, a journal devoted to community hotel finance.

There's no obligation connected therewith.

The HOCKENBURY SYSTEM, Inc.
• Penn-Harris Trust Bldg. •
• HARRISBURG-PENNA. •

The Charity Checking Account

By JAMES C. CASHEN

THE PROBLEM of the small checking account still bothers the banks. Some bankers predict that in time banks throughout the United States will refuse, uniformly, to carry checking accounts averaging below the profitable minimum, yet at present they are far from being unanimous in that position.

An officer of one of the large national banks in Minneapolis makes this statement: "In this bank, unprofitable does not of itself mean undesirable."

This bank, it seems, feels that it has spent too many years cultivating a spirit of friendliness between itself and its customers to "cold shoulder" the small account now. It does not close out the small account for being such—overdrawers and "NSF-ers" are another thing—but it does believe that the small account should help pay its way. Its attitude is fairly representative of that of the other banks in the city.

How this problem of the small account is being met in many cities was disclosed in the survey made this year by the Missouri Bankers Association's Committee on Analysis of Accounts. According to its findings, in each of sixty-three cities having aggregate bank deposits of ten million dollars or more, a service charge was regularly made by all or some banks, while in two others—Milwaukee and Helena—it was made "rarely." The charge ranged from 25 cents to \$1, on balances of under \$50 to under \$300. In only twelve cities was a \$1 charge reported, and in some of those it was not levied uniformly by all banks. Ninety-eight cities were listed in the committee's report.

Certain questions arising in the treatment of small accounts are definitely answered in this presentation of the practice and policy of the Minneapolis bank regarding them. "Accounts" in what follows is to be taken as meaning "checking accounts," unless otherwise specified.

What ratio of total checking accounts in a well-conducted bank falls in the class incurring service charge? What does it cost the bank to carry an account of less than \$100? Of between \$100 and \$200? \$200 and \$300? Where does the bank split even?

What is the attitude of the bank toward such accounts? Is it unfriendly, repellent? Does the bank continue small accounts without protest, handling them at a loss, even with service charge, to retain "good-will" or avoid unpleasantness? Is there a brighter side—a positive justification for such continuance?

What is the attitude of the small account holder who incurs the service charge? Does he appreciate that the bank is furnishing service on unprofitable business, recognize that he is receiving a favor in getting service? Or is he indignant?

"A 12 per cent decrease in the number of checking accounts with us has followed the recent raising of the service charge," says an officer of a Minneapolis bank. "Many of these discontinuances did not represent customers entirely lost to us, however. As has been the experience of banks elsewhere a number of transfers were made to savings accounts. There were mergers, too, as in the case of a husband and wife, formerly maintaining two separate accounts, who discontinued one of them."

"It did not follow that all depositors who closed out their accounts and left the bank were incensed at our action. Many of them,

we believe, simply figured that they were unable to maintain a \$100 balance and that banking service was not worth \$12 a year to them.

"Women figure largely in the service charge group. The number of women's accounts with us is about one-third of the total number carried. Yet more women's accounts fall in the service charge group than men's."

"The service charge would be accepted without question if people outside the banks understood better how banks make profits. Few depositors, comparatively, are aware that about 20 per cent of any account is not usable by the bank for profit making since it is tied up in reserve, 'float' and so on. The other 80 per cent may be lent out. On a \$100 account, the loanable \$80 would be expected to yield the bank, at 5½ per cent, \$4.40 a year."

"If the account is fairly active, the expense of handling wipes out that small margin quickly. We figure that it costs us an average of six cents to make any kind of entry on the books, as withdrawal or deposit, though the actual cost in any particular account will vary with the number of entries and their nature."

"The account turnover is an important consideration. The average life of an account with us is six months. It costs us from \$1.10 to more than \$1.50 to open an account, to get it on our books—varying with its size and nature—and to close one costs about 60 per cent as much. If a \$100 account is left with us only six months, it may yield \$2.20 interest. Where do the profits come in?"

"Take tourist business, for illustration. One might think, off-hand, that an account averaging \$250 to \$500 would be good business. But it lives only between May or June and September!

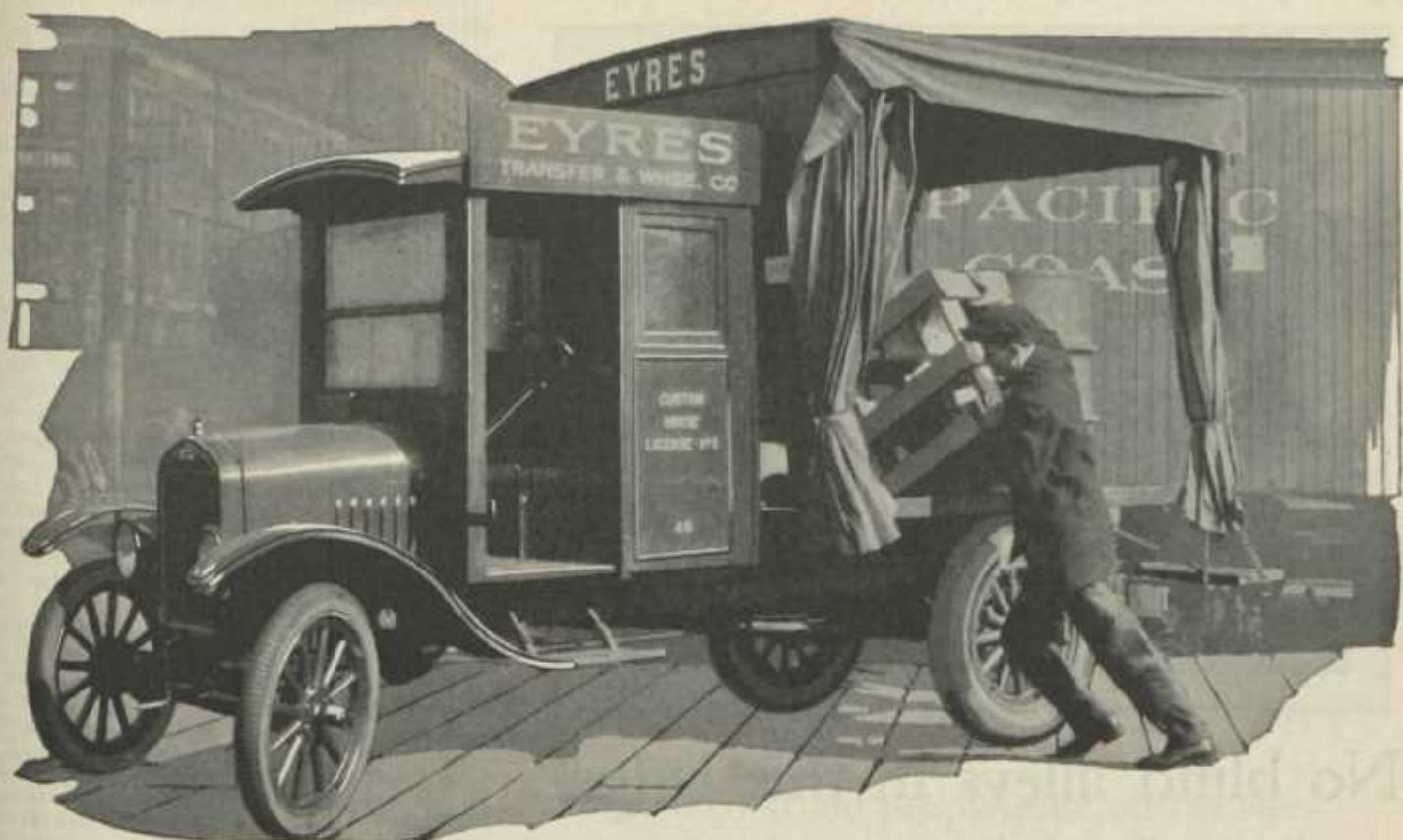
"Service charge not considered, it costs the bank about \$3 a month, average, to carry an account of \$100 or under, about \$2 for the account between \$100 and \$200, about \$1 for the account between \$200 and \$300; it is only with the \$300 account that, normally, we began to split even. Service charge considered, which by no means covers costs on all the under \$100 accounts, we are, in many instances, losing more on the account between \$100 and \$300 than on the smaller one. It is all, however, a matter of activity."

"Why do we carry so much unprofitable business? It is the outgrowth of the old idea among bankers in this field that a bank should obtain as many accounts as possible, regardless of size—the more, the merrier; that the small account of today may be the large one of tomorrow; that the good-will of many depositors is worth having even without adequate money return for service performed. The 'good-will' factor continues a weighty one, but it is doubtful whether even 10 per cent of small accounts ever grow into the 'large' class."

"There is another aspect to be looked at. The bank regularly spends money for advertising—newspaper and magazine, booklet, street car and so on—much of it general in nature. May not the excess in the cost of carrying small accounts above their earnings, if any, be referred to the advertising budget, for in serving them the appeal is to the individual direct?"

The "six cents per entry" average is thus worked out by the bank's statistician.

"We averaged fifty small accounts, taken



Ford Trucks Solve Hauling and Transfer Problem

Eyres Transfer & Storage Co., Seattle, Wash., settled the problem of transporting loads of medium and small size at lowest cost with a fleet of ten Ford Trucks and two Fordsons.

The saving in time on loading, unloading and operating through congested traffic has more than fulfilled the company's expectations.

H. D. Albee, Vice President, says: "Ford Trucks more than meet our requirements

for a fleet of transportation units that are economically adapted to speedy hauling and transfer work. Ford Trucks carry all of our loads at lowest cost. We find them particularly economical for handling boxes and trunks because of the time saved in loading and unloading."

Your nearest Authorized Ford Dealer can furnish additional facts on Ford Truck operation in your business. Call on him for this information and a practical demonstration.

The new price of \$365 F. O. B. Detroit for the Ford Ton Truck Chassis is the lowest in motor car history

Ford

CARS · TRUCKS · TRACTORS

THE CHOICE OF AMERICAN BUSINESS



No blind alleys in this ledger

*direct, well-marked routes to each account
save as much as 50% in bookkeeping time*

NO longer is it necessary for bookkeepers to grope through ponderous ledgers. No longer do they have to flop and reflop endless pages. No longer need rumpled ledger sheets hinder their seeking fingers.

For, with the L. B. Card ledger, the bookkeeper's hand darts directly to the account card desired.

The L. B. Card ledger is vertically arranged. All guide tabs are clear and visible—a well-marked highway to every account. The bookkeeper can locate, post to, and replace an account in the time it took just to locate the name in an old-style ledger.

This saving in time is so marked, that time and time again

L. B. Card ledgers have saved 10%, 30%, even 50% of the bookkeeping time formerly required.

Business has been quick to realize the unusual savings the L. B. Card ledger affords. Already tens of thousands of business firms and banks, in adopting it, have effected definite bookkeeping economies.

Six Big Divisions of L. B. Service to Business

1. Card Record Systems

Standard and visible systems for every card record requirement.

2. Filing Systems

L. B. Automatic Index, Alphabetic, Geographic, Numeric, Subject, and the Russell Index.

3. Equipment, wood and steel

Card and Filing cabinets, card record desks and record sales.

4. Cards and Filing Supplies

Cards, Guides and Folders for every card and filing system.

5. Specialized Departments

Bank, Insurance, Public Records, Library and Educational.

6. Special Services

Analysis, Indexing, Statistical.

If your bookkeepers are still groping through old-style ledgers there is time-waste in your office. Write for interesting, free booklet No. 711 "L. B. Card ledgers" which explains the economies of this ledger in detail.

Or ask for actual demonstration at one of our convenient salesrooms. Consult your phone book.

Home Office: 230 Albany St., Cambridge, Mass. Salesrooms: 52 principal cities of United States, France and England. Factories: Cambridge, New York, Chicago, Ilian, N. Y., New Orleans and London, Eng.

Library Bureau

Card Ledgers for Every Business

When writing to LIBRARY BUREAU please mention Nation's Business

at random, for April, May and June of 1923," he explains. "They disclosed:

Average monthly balance.....	\$64
Average number of checks drawn monthly.....	23
Average number of deposits monthly.....	4½

"At 2½ cents as a computed average cost to the bank for each check drawn, issuing 23 checks cost the bank 57½ cents. With 8 cents as our computed average cost of handling a deposit, 4½ deposits cost it 36 cents. The total is 93½ cents.

"The eight cents covers teller's service—counting currency, looking for indorsement—as well as proving, entering and so on. It is an average unit cost of deposit entries of all kinds, and is perhaps too large for the account of a salaried man who deposits only once or twice a month; but, even then, it may be equalized by the number of checks drawn, if he draws many. However, neither the eight cents nor the two and a half account for all the services given the account by the bank. Overhead is not included, as transit, credit, auditing, stenographic and other departments."

Might it not be desirable to offer the small account an option of paying a fixed service charge or having it modified or eliminated by keeping the number of withdrawals and deposits below certain maxima each month? Something like that is being done by all or some banks in eight American cities, as disclosed by the Missouri Bankers Association study. They are Binghamton, Jacksonville, Oakland, Ogden, Phoenix, Richmond, Rochester and Syracuse. Ogden, for instance, reports a service charge of "50 cents under \$50 if three checks"; and Syracuse, "\$1 under \$200 more than four checks."

The Minneapolis bank charges the flat rate regardless of account activity, as is the prevalent practice in most cities making a charge. Its statistician is engaged at present in an effort to work out a standard scale that might be usable in measuring the cost to the bank of carrying small accounts, an approach to a "yardstick," though necessarily of rubber, applicable to the account of \$100 or less, over \$100 to \$200, over \$200 to \$300, and so on up. This to determine just what extent of activity an account of given balance may indulge in and still be self-supporting.

Admittedly, such a scale, while of value in analyzing individual accounts within the bank, would be difficult of application to the use of small account holders in general because of the labor cost involved. But there's an idea in it, like the "club breakfast" plan. Suppose a bank were to issue "menu" cards to depositors—say, with monthly statements—indicating how they might avoid service charges by selecting from a variety of "activities" presented!

Is the depositor who continually incurs the service charge, and pays it unquestioningly, a welcome bank customer?

"In the main, yes," says the Minneapolis bank. "Only when he knowingly overdraws or is 'N. S. F.' does he become distinctly otherwise. The bank regards its service charge as equalizing relations with the under \$100 depositor and continues to serve him without prejudice. It is a case where 'unprofitable' does not mean 'undesirable.'"

This bank considers, too, a small account's "affiliations," if any. The holder may have a savings account with it that is less often tapped and is profitable to the bank; or some member of his family may have with the bank a profitable account, of one kind or another, which it would not have but for him. Such considerations are not passed over.

From \$7 per Month To a Chain of Stores

THE READING public must be pretty nearly fed up with tales of the self-made man who by his own efforts became an industrial leader, for they have appeared in almost every publication during recent years. But recently I ran across an address made by Henry C. Bohack to the National Chain Store Grocers at their recent meeting. For those who don't know him it is enough to say that there are some 125 stores in Brooklyn that bear his name. There is a homely philosophy about Mr. Bohack and a human touch to his experience that made we want to pass this on.

The thing I think of most is how to get the right man. Think of yourself, first, whether you do right yourself. If you ask a man to do something that you don't want to do yourself, you ask something that is not right. I haven't got a bad friend in the world, and if I should have one I am going to forget him right away and then I don't have any.

I came to this country in 1882. At that time they shipped you to Castle Gardens, and you didn't know where you landed, and there you stood, a different language, a great city. Well, I had to look for a job and the man only gave me seven dollars a month for my pay and that was good. He asked me what I wanted. I didn't know.

I worked for seven dollars a month when I came here, had to sleep in the back of the store with four men in one bed; that was the rule in those days. I worked from five in the morning until ten at night, Saturday at two, and Sunday morning until twelve. Then the boss would say: "Clean my horse." I cleaned the horse and he went driving.

I went to bed and I got up Monday morning tired out. When the month was up he gave me ten silver dollars. I said: "You gave me three too much." He said: "No, you earned it." It was five times as much as I made in Germany. I had to work five months for \$7.50 in our money. Then you appreciate it when you get ten dollars a month.

The highest wages I had was \$14 a month. I had a boss and if I asked him for one more dollar he would have said: "You better quit." In former years the boss didn't appreciate what the workman was doing. If a man was a truck driver, twelve or fifteen dollars a week in a wholesale grocery was high.

Now today it is different. I am awfully glad it is better. I am awfully glad that we open up at seven and close up at six. I don't like to have my men stay any longer. The hardest thing for me to tell my young nephew is to learn everything. If you don't know as much as your managers know, they might have a chain of stores in twenty years bigger than you have yourself. He will not stand still; he says that he can do the same thing. I don't care who it is in the Bohack Company, if he gets an idea that I cannot do without him I tell him: "You're through." He must be loyal; he must work. I have a lot of people working for me who had their own business throughout the country. Why? They were good men, but they didn't have pluck; they couldn't push, and they were thinking all the time: "I might lose my little money."

Fear I don't know. I don't fear. If any of you gentlemen want to go next door to me, you are welcome to do it. You can't do any better than I do.

Experience in life—that is the best teacher you can have. Many times when I get up in the morning I stand in front of the looking-glass, and if I don't look good sometimes I stand there and look and say: "What's the matter with me anyhow? Nothing, go to work, that's all."

—W. B.



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Our Trade Empire at Home

By W. M. WILSON

Export Director, The Graton & Knight Manufacturing Company



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It is just foolish for a man to go blindly from month to month without having a check-up on his physical condition. Without knowing it, he may be driving straight for such diseases as Bright's, diabetes, kidney trouble, or any of the many which give no visible warning of their onset, but which can develop in the system unknown until they have become acute.

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Gentlemen: Please send me, free of charge, a copy of your booklet, "The Span of Life," and full particulars of your plan.

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IT WAS at a club in Calcutta one night shortly after the war. The discussion drifted, after desultory remarks about the humid weather and the Russian situation, to the subject of world trade. My companions represented British manufacturers.

"I suppose the United States will give us a run of it for world markets," said Landreth, one of the two men. He seemed slightly amused, perhaps thinking of the awkward attempts at Indian salesmanship to which a recent American arrival had treated the trade.

"Uncle Sam isn't very partial to trade empire, is he?" asked Robinson, the other of the party. "Too much Monroe Doctrine, I fancy."

This was not the first time I had noticed this attitude on the part of British acquaintances whose position in the Indian market, and many others, had been established long before we began to look abroad. I felt there was more to our side of the question than had been spread about. On this occasion I took it upon myself to make answer.

"All the world knows that England is the world's best colonizer," I said. "We have been told that the sun never sets on the British flag. Your trade has flourished everywhere under that sun."

My friends nodded sagely.

"The United States on the other hand—" I began. They looked at me commiseratingly. "The United States, on the other hand, has proved its ability as colonizer with tremendous success. Yet you and most of the world have never recognized this fact!"

The Englishmen were puzzled. Then Landreth nodded. "Oh, of course," he said negligently. "There's Cuba and the Philippines—not enough to absorb much of your production, though, I fancy."

I smiled.

"It proves considerable ability when you settle and convert into profitable markets a territory that stretches from the Atlantic to the Pacific and now holds 110,000,000 customers drawn from all nationalities, doesn't it?"

"Yes—but where have you done that?" asked Robinson.

"We've done it in building the United States of America," I answered. "Our history for the past one hundred years tells of it. How else than through colonizing ability and commercial daring and enterprise did our republic creep over the Appalachian ranges, spread through the Middle States, travel down the Mississippi to New Orleans, build Chicago, cover the western plains, and move onward to build up the golden empire of our Pacific Coast states? There was a field for commercial adventure. You Britishers would not sneeze at it. In fact we have had plenty of British competition to meet in developing our country. We have it even now."

I had our English cousins thinking. "There was a job that absorbed some energy," I continued. "We have it about finished now, and we are going to throw the same ability into building foreign trade."

My acquaintances listened now with interest. They had never thought seriously of America as a trade empire builder. (No more, I may say, have a great many American manufacturers.)

"Within the next twenty-five years," I concluded, "we will have learned a great many

of the special lessons necessary for our new field of effort. The sun's rays are going to be used for illuminating American projects in their spread about the world, nearly as much as for lighting up the British Empire."

"Well—cheerio!" said Landreth, lighting his cigarette. "It'll be a merry struggle, I've no doubt."

"It will," I said. This time there was no smile on his face or Robinson's.

That conversation has come back to me several times since that night. I feel there was something prophetic in it. As the months have gone by, my conviction of the need for developing our exports has merged with a faith that in the coming two decades we will have placed our mark irrevocably on many world markets.

The time-worn saw about necessity being the mother of invention will explain why our foreign trade is destined to grow. The difficulties that many American producers experienced in the past six years, because they were unable to sell their production in domestic markets, have waked them to the situation.

Students of the subject, like Earl D. Babst, president of the American Sugar Refining Company, proclaim the benefits of exporting. In his latest report to his company, Mr. Babst describes the need for increased exports. They will, he says, lower sugar refining costs through adding to the volume of business, steady cargo movements, stimulate employment and increase the purchase of supplies wanted for manufacturing.

This solution is as important in the leather industry as in the sugar refining business. It is just as important in the automobile business, the agricultural machinery business, or in any of the lines in a long list of American industries.

The question now is not whether we shall try for world trade. It is how are we to get it? The need for export is obvious. It has been ever since the war.

We are faced with the problem of winning the confidence and the trade of Japanese, Chinese, Hindus, Russians, Poles, Italians, Greeks, Mexicans, South Americans. We must study these peoples, recognize what and who they are, how they think, speak and have their being. It would have been a good thing to have done long ago on purely humanitarian grounds. It is necessary now on commercial grounds. Their friendship and confidence are important to our national prosperity.

In examining the foreign mind about American products and American business methods we find lack of confidence caused by sporadic attempts at selling in various markets. The American is not accustomed to the relatively poor transportation, the slower acting methods of many peoples. All of which tend to make distances much longer in his mind. He does not appreciate that it may take two or three years of concentrated effort by a carefully picked personnel to get a footing in any foreign country.

This fact must be thoroughly grasped by business houses that are coming into the foreign field for the first time.

Given a product of superior merit, the proper personnel, a campaign of advertising appropriately designed for the country selected, plus determination to win, and the results will speak for themselves.

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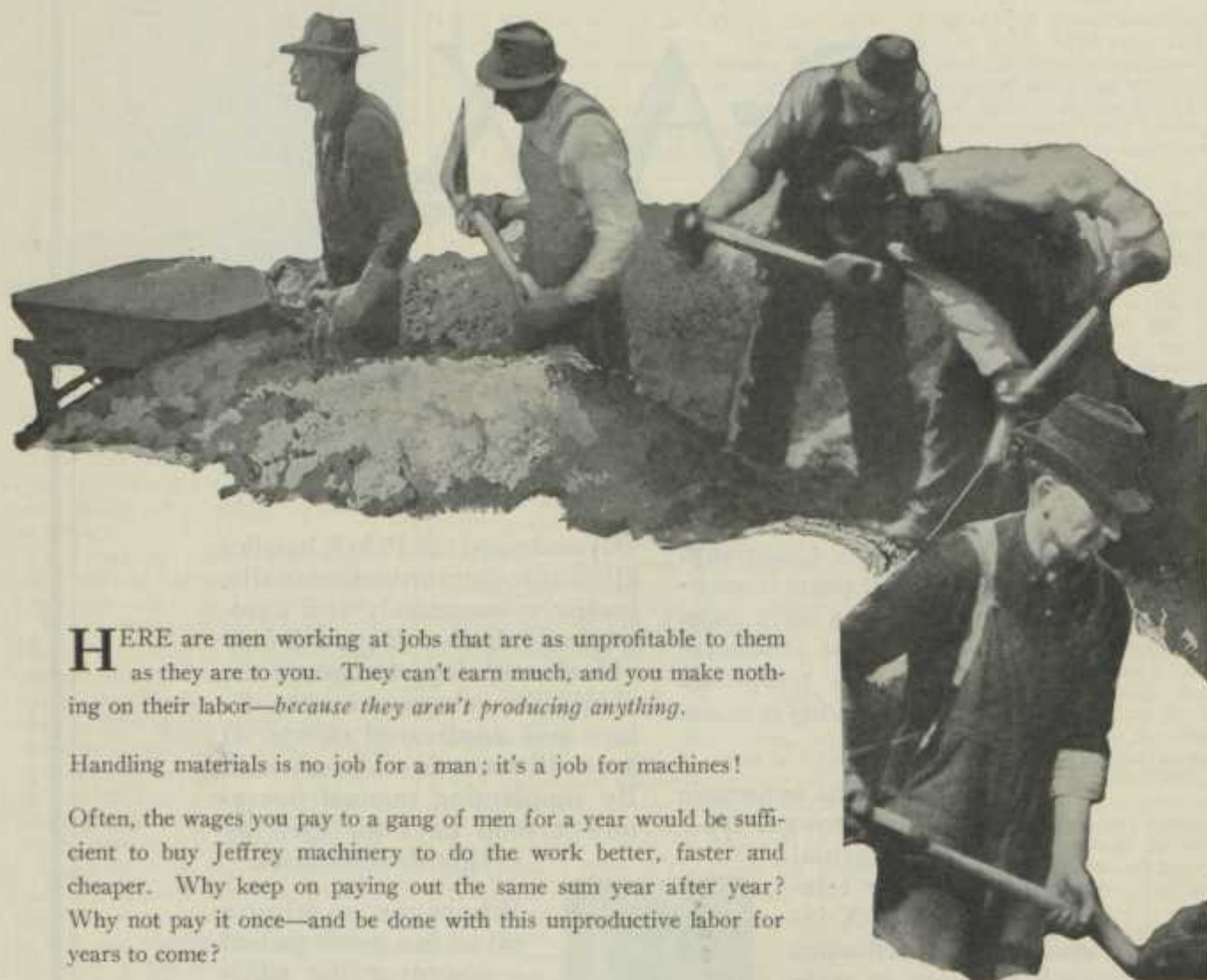
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- Mining Machinery
- Ventilation Fans

Industrial Ownership

Its Economic and Social Significance

A NEW BOOK

by

Robert S. Brookings

CAPITAL — THE PUBLIC
LABOR — MANAGEMENT

THE "labor problem" is now not a problem of Labor and Capital, but a problem of Labor and the Public. This is the conclusion to which Mr. Brookings comes in the course of a vivid discussion of the present-day state of industry.

Mr. Brookings amplifies this by a thorough discussion of the effect wide diffusion of ownership in recent years has had upon Labor. Management is no longer in the hands of Capital; and the stock is scattered among the Public, of which Labor is an important element.

This is no theorizing of a novice. For thirty years Mr. Brookings was actively and intimately associated with big business. He built big business—he managed big business.

At the age of forty-six he became President of the Washington University Corporation, Saint Louis, and has since devoted practically all of his time to educational and similar activities. Both in the University, and in research work at Washington as President of the Institute of Economics and the Institute for Government Research, Mr. Brookings has been closely associated with professional economists. As chairman of the Price Fixing Committee during the war, he was brought into contact with practically all of the important industries of the country. And in 1919 President Wilson appointed him, among others, to represent the public in the Labor Conference.

Numerous tables and examples sustain the author's arguments throughout the book.

Price \$1.25

THE MACMILLAN COMPANY

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The Public Now Owns Industry

Book Reviews and Comments

FORTY years ago, says Robert S. Brookings in his book on "Industrial Ownership" (The Macmillan Company), the active industries of which he had knowledge were owned by groups of not more than five men, who managed them. A dozen years later began the movement toward industrial consolidation, and that fine old English word "trust" acquired a new and sinister meaning.

The net result, Mr. Brookings thinks, was not the creation of monopolies, but the diffusion of ownership of industry with results which we are only now beginning to appreciate. The builders of many of the industrial combinations, the "trusts," aimed, Mr. Brookings admits, at the killing of competition. In the industrial heaven which they visioned they were to be free "to restrict output, raise prices and deal independently with labor." But none—or few—of these things happened:

The trust movement in the sense of a general trend toward monopoly is dead. There is no indication of the disappearance of competition, either as a protection for the public against exploitation or as a stimulus to efficiency. But the related movement for the diffusion of the ownership of capital is proceeding at an accelerating rate. It has been stimulated by the great increase in recent years in the number of incomes large enough to afford a margin of saving, by the Liberty Bond campaign, by blue sky laws, and perhaps by the superior value of tax-exempt bonds to large holders. It has been promoted by the deliberate policy of many large corporations, as is illustrated by the great increase in the number of stocks of low par value and the splitting of \$100 shares into no-par stocks of lower book value. Within the last few years, for example, a number of the Standard Oil companies, which were a long-standing exception to the tendency we are discussing, have split up their common stocks so as to make them available to the small investors, given wider publicity to their financial condition, and in some instances listed their stocks on the New York Stock Exchange. Of the leading automobile producers only half a dozen or so preserve the character of close corporations. Innumerable cases could be cited of leading corporations in almost every line which have sought a public distribution of their securities within the last five years. The newest phases of this movement are the drives for customer ownership conducted by public utilities and the encouragement of employee ownership, adopted as a policy for industrial and commercial concerns.

Two months ago in THE NATION'S BUSINESS we called attention to the fact that no one person owned as much as 1 per cent. of the capital stock of the A. T. & T. The author cites in further proof of his contention this extract from a letter written by the president of one of the largest "trusts":

You may be interested in the following facts: of the 8,069 stockholders in this company over 90 per cent own one hundred shares or less. All of the directors combined with their relatives and friends whom they could control do not own 10 per cent. of the outstanding capital stock.

Out of this state of affairs has grown, Mr. Brookings points out, a separation of ownership from management. When five men owned the stock of a corporation, the five were directors and managers; when 340,000—as in the A. T. & T.—own it, only a few have much to say or care much as to how the company is run so long as reasonable dividends continue. Of the tens of thousands of stockholders of U. S. Steel, how many could name five of the fourteen directors?

Here, as Mr. Brookings sees them, are the two important results of the change:

The separation of management from owner-

ship has had two important consequences. In the first place, it has made it possible to distinguish the return to ownership from the return to management, and therefore to set up standards of a fair return for each. If we had attempted thirty or forty years ago to demonstrate that labor should not be treated as a commodity and that to remedy the weaknesses in the industrial system we should segregate management from capital and endeavor to allot to capital a fair return, management would have replied, "We know of no means of segregating our gray matter from our capital." Many like myself would probably have said, "We have not enough of either to segregate."

Yet the segregation has gone far enough to make it possible to form an opinion of the separate value of capital in large-scale industry and to judge whether the return in a particular enterprise is excessive. Facts and figures bearing on this point are presented later. In the second place, the separation of management from investment is bringing about a change in the ideas of managers about their own responsibility. As management ceases to represent merely itself, it comes to feel a responsibility not merely to the stockholders but also to labor and to the public. Before discussing the effects of this change, however, we must give brief attention to certain other changes which have been taking place at the same time.

Mr. Brookings doesn't believe that either management or capital is getting an unfair return, nor that a better return for labor is to be brought about by cutting the share of either of the others. What, then, is the way? Here is Mr. Brookings' conclusion:

The problem of continued improvement in the living conditions of the workers is not a problem of the redistribution of present production, but a problem of increased production per capita, as we cannot distribute more than we produce. As capital and management are now adequately compensated for their service, this increased production should go to the producers and the public. This brings us to a study of the present wastes in industry as a first means of increased production. If, as is claimed, efficiency in industry is now hampered by anti-trust laws and by the wasteful methods of organized labor caused largely by the menace of unemployment, it follows that the needed increase is to be attained by two principal means: first, the modification of the restrictive provisions of the anti-trust laws; and second, the elimination of restrictive practices of trade unions and individual workers.

With much of what Mr. Brookings says in this readable little study it is not difficult to agree. There are, however, some business men who will find it hard to read the chapter on "The Changed Relation of Government to Industry" without a measure of impatience. One thing seems to him of paramount necessity: "a comprehensive investigation looking to a revision of the entire restrictive machinery from the Sherman Act of 1890 to the Clayton and Federal Trade Commission Acts of 1914." Then he goes on to say:

One other element of our program can be formulated without hesitation; namely, a provision for uniformity and publicity of corporation accounts. This is necessary for the protection of all the interests concerned. Neither the stockholders, the employees nor the public can hold management responsible for its use of power without full information. The law might well provide in licensing trade associations for a uniform system of accounting and reports of members made under penalty which would greatly enhance their reliability. It might provide for weekly publication of production, prices, unfilled orders on hand, and other information such as the United States Steel Corporation is accustomed to give, which

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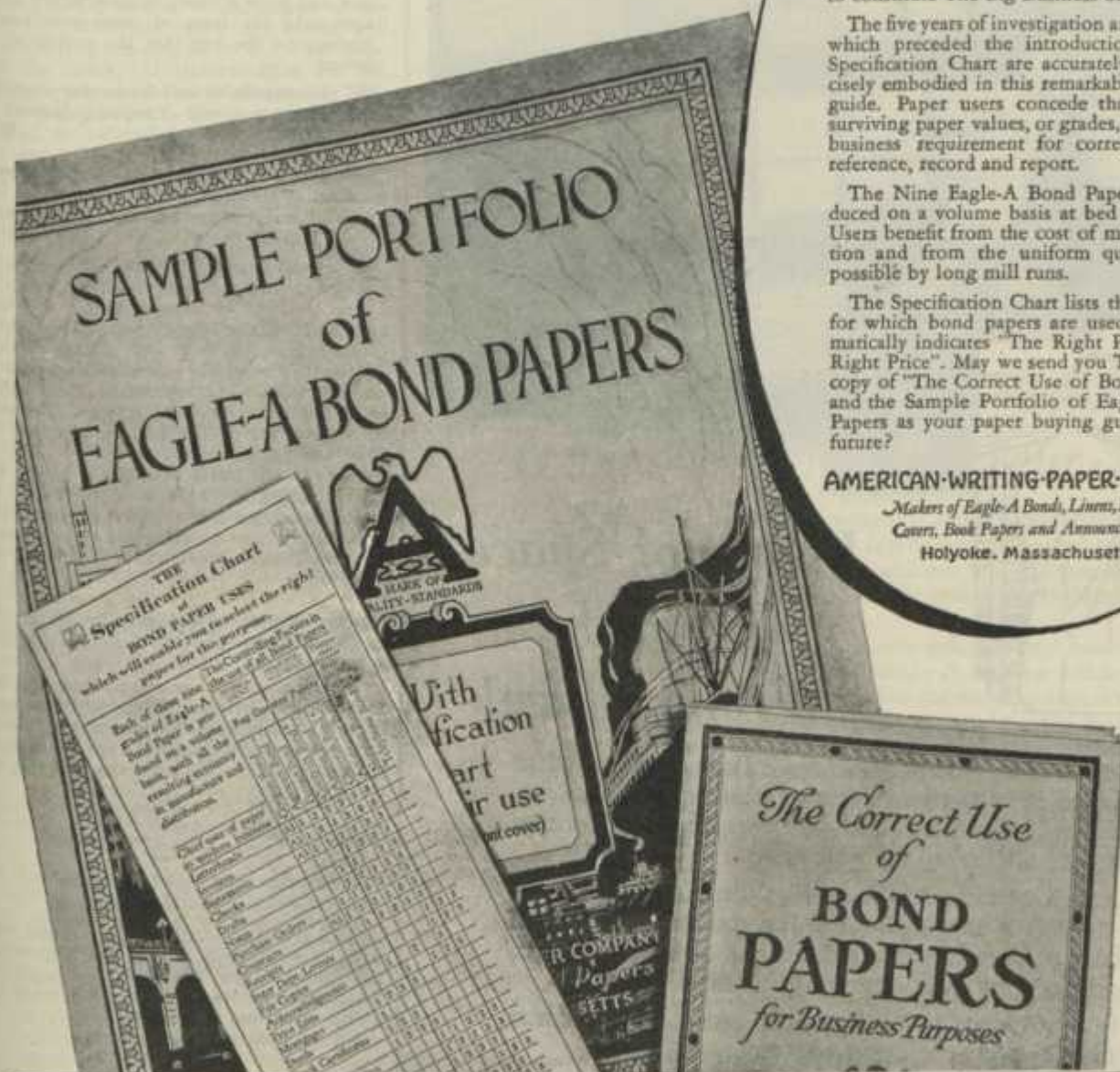
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would serve to protect the public from exploitation. Such publicity would also in the long run be of great benefit to the corporation managers themselves, enabling them to adjust production schedules more evenly to demand, and avoiding the wastes of speculative booms.

With managers enjoying this access to information about one another's operations, it may become necessary to confer upon some governmental body regulating power to prevent its abuse. The objective in any such regulation should be the protection of the consuming public against extortion, however, rather than the protection of weak competitors from elimination.

Efficiently managed corporations have nothing to fear from intelligent public supervision designed to protect the public and the trade alike from grasping and intractable minorities. The popular slogan of less government in business and more business in government might in time take the form of wiser government in business to the end that the people be better served.

An understandable and interesting contribution to the literature of our changing industrial epoch.
W. B.

Eye Hazards in Industrial Occupations, by Louis Resnick and Lewis H. Carris. National Committee for the Prevention of Blindness, Inc., New York, 1924.

A first-rate piece of work published and for sale by a national organization that is doing a fine service. If anyone doubts the need of such an effort, let him consider these figures:

In Pennsylvania in 8 years a total of \$15,332,220 was awarded for permanent injuries under the Workmen's Compensation Act. Of this, \$6,201,763 was for loss of eyes. There's the dollar argument. The human argument is too vivid and too obvious.

There is one factor that ought not to be forgotten: defective vision is in itself one of the most frequent causes of other accidents, and the eyes doubly need guarding for that reason.

A book that ought to be in every factory library.

Beacon Lights of Science, by Theo. F. Van Wagenen. Thomas Y. Crowell Co., New York, 1924.

The story of the growth of scientific learning told in terms of men. Take ten names at random from the table of contents, and how many men of ordinary reading can tell what each gave to science? Here are the last ten, men of our own time:

VAN'T HOFF	ZEEMAN
THOMSON	STEINMETZ
HERTZ	CURIE
ARRHENIUS	MARCONI
BRAAG	EINSTEIN

We'll give a red apple to the business man who tells us what each of the ten achieved. And the winner of the red apple can tackle another list from the heroes of science 200 years ago and we'll win our red apple back.

A good book in a novel form.

Public Employment Offices—Their Purpose, Structure and Methods, by Shelby M. Harrison. The Russell Sage Foundation, New York, 1924.

The result of five years' study of employment methods, needs and agencies in the United States, by the Department of Surveys and Exhibits of the Russell Sage Foundation.

Part 3, which deals with the technique of hiring employees, is interesting and should be especially helpful to business executives and managers of public employment offices.

It tells us that "no system or method of character analysis has yet produced results which justify its adoption or even suggest its trial in a public employment office," and then adds that this is not meant to decry research in that field, but to warn against depending too much on schemes for rating persons which appeal because

of the need for something of the sort rather than because of their demonstrated success.

Problems in Business Economics, by Homer B. Vanderblue. A. W. Shaw Company, Chicago and New York, 1924.

The "case system," long the proud boast of the Harvard Law School, is used by the Harvard School of Business Administration; and this is one of a series of similar textbooks for that institution. The first hundred pages provide tools with which to tackle the problems which complete the book—and some of them seem intricate enough to daunt the most experienced of business men.

Railway Transportation, by Sidney L. Miller. A. W. Shaw Company, Chicago and New York, 1924.

The Assistant Professor of Economics at the University of Wisconsin sees a gap in the wall of textbooks and proceeds to fill it. Two chapters on the history of transportation are followed by seven on the development of "The American Railway Net." The rest of the book is devoted to railroad methods, railroad economics and railroad regulation. Prof. Miller defends the Transportation Act, 1920, and pleads that it be not changed except as a result of careful and intelligent judgment.

Usury and Usury Laws, by Franklin Winston Ryan. Houghton Mifflin Company, Boston and New York, 1924.

An instructor in banking in the Harvard Business School wins a Hart Schaffner & Marx prize for an essay in economics, and Houghton Mifflin Company add it to the long list of Hart Schaffner & Marx monographs. The author has made a thorough study and given us a readable summary of American legislation on usury. He believes that "the typical state usury law . . . should be repealed." He would protect small borrowers by the Uniform Small-Loan Law.

International Trade Finance, by George W. Edwards. Henry Holt and Company, New York, 1924.

A worth-while addition to Holt's American Business Series. An understandable discussion of a subject about which these United States will have to know more in the future. A table in the appendix gives an idea of Great Britain's foreign financial power as compared with ours. British banks had 1712 agencies and branches abroad in 1922; ours had 130.

Principles of Investment, by John Emmett Kirshman. A. W. Shaw Company, Chicago and New York, 1924.

More than 900 solid pages treating investment from every angle. The general business reader will find most useful Part V, devoted to "Investment Policy," where some sound advice is given and the principles of reasonable investment are laid down.

Industrial Coal, Report of the American Engineering Council. The Ronald Press Co., New York, 1924.

The American Engineering Council has indicated that the solution of the consumer's coal problem rests largely in his own hands. The council believes the systematic purchase and storage of coal by industrial and household users would prevent irregularity of employment at the mines, facilitate movement of coal by railroads, remove danger of coal shortage in winter, and make possible a reduction in the price of coal.

These conclusions will be found in an excellent treatise on the subject of coal storage prepared by the Engineering Council and recently published by The Ronald Press Company. The book is an engineering survey of an important economic problem. It has been carefully compiled, presents valuable data in an interesting way and is a worth-while contribution on the subject of coal storage. We recommend it to the consideration of coal consumers.



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News of Organized Business

A REFERENDUM on the postal service is soon to be submitted by the National Chamber. The referendum will include recommendations that invite consideration of the efficiency of the service, revision of rates, determination of salaries by differential scales, and an emergency fund to provide for emergencies.

At the last annual meeting of the National Chamber a resolution was adopted, presenting recommendations on some phases of the postal service. The referendum to be submitted will provide a more comprehensive consideration of the whole subject. The committee report on which the recommendations are based asserts that for many years the postal service has fallen far short of the actual efficiency that the public is entitled to expect. Improvements have been made, the report says, but there are still many shortcomings to be remedied.

"In some of the smaller cities," says a letter sent to the membership in the Eastern Division, "chambers of commerce may take the view that the postal service, so far as they are concerned, is adequate. It is true that the most serious delays occur in the larger centers, but small cities and rural communities should bear in mind that a large part of their mail passes through the larger centers where many delays occur."

"The bill which was vetoed at the last session of Congress, and which is being pressed by its proponents for passage over the veto at the coming session, authorized a blanket increase of postal salaries. This bill was opposed by the Chamber, which, however, recognizes the need for certain salary increases and readjustments."

Construction Active; Rents Unstable

CONTINUING decrease in the shortage of buildings and a decreasing stabilization of rents are indicated in a survey made by the National Association of Real Estate Boards. The survey is part of the Association's semi-annual survey of the real estate market, and is based on reports by special committees of member real estate boards in 259 cities of the United States and Canada.

Shortage in single-family dwellings is reported by 49 per cent of the cities represented. In similar surveys made by the Association, that of June, 1924, showed 56 per cent of the cities reported this type of shortage; that of November, 1923, showed 68 per cent. Shortage of apartment houses is reported by 34 per cent of the cities, compared with 41 per cent so reporting in June, 1924, and 54 per cent in November, 1923. Shortage of business structures is reported by 26 per cent of the cities, compared with 30 per cent in June, 1924, and 43 per cent in November, 1923.

Overbuilding in some types of structures is reported by 27 of the 259 cities, a little more than 10 per cent. Six of them report a surplus of all types of structures, ten report a surplus of dwellings, six of apartment buildings, and eight of business buildings. Last year only 15 of 241 cities reported any overbuilding, only one reported overbuilding of all types of structures, four of dwellings, seven of apartment buildings, and five of business buildings.

For the entire country, the survey disclosed a considerable shortage of farm structures. This shortage may be translated into building demand as soon as the farmers' economic position is sufficiently improved to make construction possible. Construction of farm dwellings and farm buildings, the Association asserts, has been virtually suspended for the last three years.

Rents for the entire United States show a decreasing stabilization, according to the survey. Sixty-five per cent of the 259 cities report residential rents stationary. In June, 1924, 74 per cent reported residential rents stationary. Increasing rents are reported by 17 per cent of the cities, as against only 10 per cent so reporting in June. The apparent tendency toward higher residential rents may be in part seasonal, the Association be-

lieves, with increases likely at the approach of winter.

Business rents are shown as uniformly less stable than rents of residential property. Nearly half of the cities, 47 per cent, report business rents increasing, and 47 per cent report them stationary. All previous surveys made by the Association have shown a similar less stable condition in business rentals than in residential rentals—a situation that may be explained by the fact that business property is commonly leased for much longer terms than residential property.

Residential rents have become stabilized to the greatest degree in the larger cities. Eighty-one of the cities of more than 250,000 population report residential rent stabilization. Building shortages reported by cities of this group in the Association's inquiry for the most part included only one type of structure. Seemingly, the larger cities are meeting their building needs sooner than the smaller cities. The rent scale is adjusted to the market more quickly in the larger than in the smaller cities. In cities with less than 100,000 population the rental scale fluctuates widely—they show the most uniform increases, and also the largest percentage of decreases. Small cities report a very large per cent of single-family dwellings, and also of apartment building shortages.

New Edition of "Retailers' Expenses"

A NEW edition of "Retailers' Expenses" is announced by the Domestic Distribution Department of the National Chamber. This booklet, giving percentages of net sales which are usual for the various items of expense in eight lines of retail business, was welcomed by retail merchants throughout the United States. Many manufacturers and wholesalers ordered copies for distribution to their retailers.

In the new edition the percentage figures are brought up to date and the changes which took place during 1924 are made effective.

One additional retail trade is included in this edition, figures now being available for the automobile tire and accessory business.

Anticipating a heavy demand for the revised booklet, the Domestic Distribution Department is having a large number printed. The price for single copies is seven cents.

Business Men to Meet in Brussels

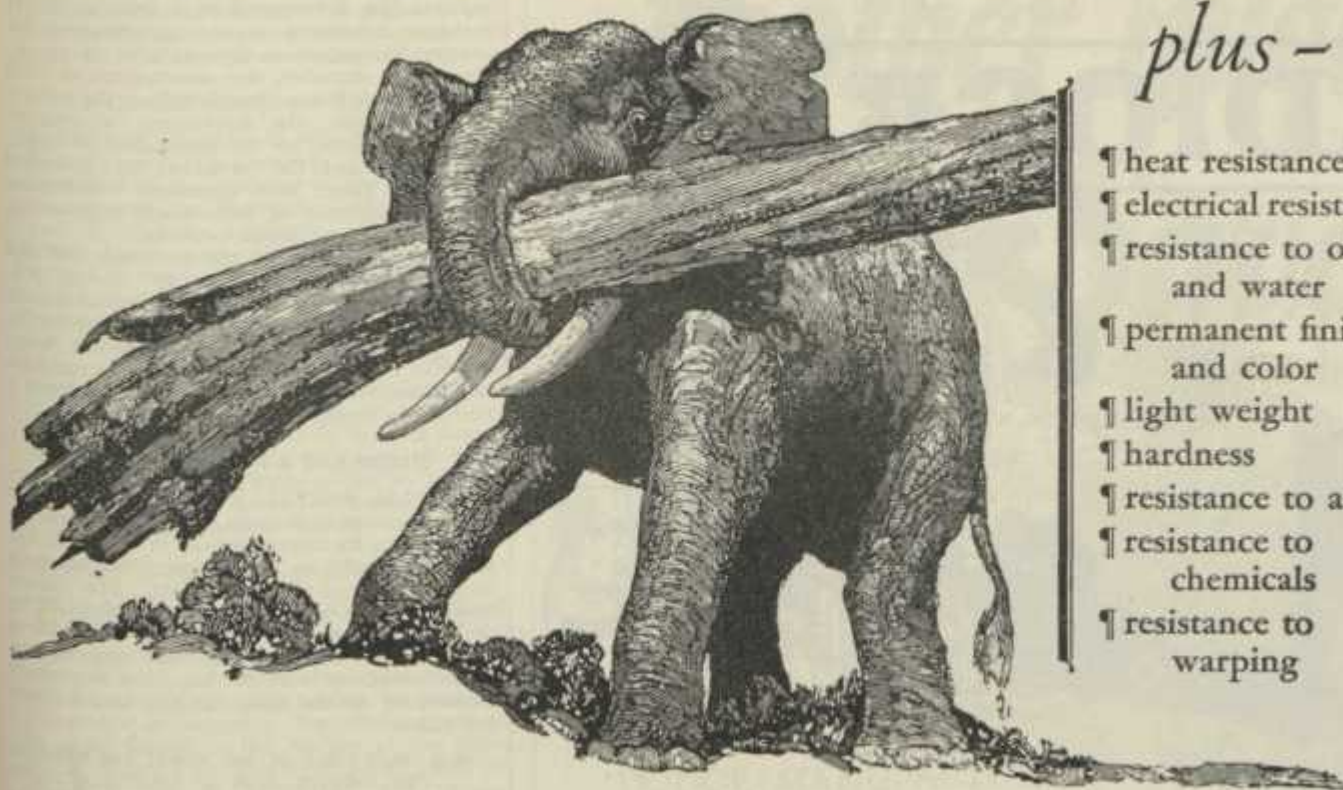
REPRESENTATIVE business men from thirty-nine countries, including a large delegation from the United States, will meet in Brussels, June 21 to 27, to discuss important world economic problems at the third general meeting of the International Chamber of Commerce, according to an announcement made by the American Section.

As a preliminary to the Brussels meeting an international committee composed of business men representing all the important commercial nations will make an economic world survey to determine what measures must be taken to solve the problems that will arise in the wake of the operation of the Dawes plan, and to stimulate production, revive industry and restore international trade. To this end the Committee on Economic Restoration of the International Chamber, of which Fred I. Kent, New York banker, is chairman, will be enlarged by the addition of members from the countries now represented and from other countries important in international trade. The committee will begin work early next year, so that its report will be ready in time for the meeting.

The Brussels meeting, it is expected, will result in the adoption of certain definite principles of economic reconstruction in much the same way that the Rome meeting of the International Chamber in 1923 paved the way for the formulation and adoption of the Dawes report.

Other important measures pending before the International Chamber, which will be discussed

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WASHINGTON, D. C.	1110 Connecticut Avenue, Main 7400		
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CHICAGO	10 So. La Salle Street	PHILADELPHIA	The Bourse
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NEW ORLEANS	Carondelet Building	SEATTLE	501 Maritime Bldg.
BALTIMORE	Gay 68 Pratt Street	PORT ARTHUR, Texas	Realty Building
NORFOLK, VA.	220 Beaver Street	LOS ANGELES	309 Equitable Building

at the Brussels conference are: The elimination of duplicate taxation, the limitation of national armament in order to lighten the burdens of taxation, the development of a uniform bill of exchange, agreement among governments for comparable and up-to-date statistics of an international character, the development of civil aviation and motor transportation, the reform of the calendar, the development of international agreements for the elimination of unfair competition and the protection of industrial property. These later agreements contemplate central registration of patents and trade-marks and protection in foreign countries.

American delegates to the conference will sail from New York on June 10 on the S.S. *George Washington*. Following the conference at Brussels the American delegation will divide into groups, one group going up into the Scandinavian countries, another in the industrial centers of central Europe, and a third will make a tour of the British Isles.

Praise and a Purse for Powell

WILLIS POWELL is the secretary of the chamber at Sarasota, Florida. He believes in his city. Its citizens believe in him. He has proved his belief by good works—"no less than miracles," one of the citizens said. The citizens desired to give substance to their belief. Sixty of them decided to honor Mr. Powell with a dinner, music and speeches. But they wanted to do something more for him. So they made opportunity of the dinner to give him a check for \$2,500.

as a small token of our esteem and affection . . . this offering from a grateful city for which you have done no less than miracles.

to quote from the presentation speech of J. H. Lord. NATION'S BUSINESS readers have reason to approve this tribute, for Mr. Powell has been a welcome contributor on more than one occasion.

Business Put Aside on Tour

ONE HUNDRED and fifty members of the chamber at Wilmington, Delaware, made a two-day "good fellowship tour" that included nine cities in the Delmarvia peninsula—Middleton, Ridgeley, Easton, Preston, Hurlock, Salisbury, Laurel, Harrington and Dover. The tour gave opportunity to carry a message of friendly cooperation. Reporting the tour, Gerrish Gassaway, manager of the chamber, writes that although

. . . these men devoted two days of their time in the busiest season we have witnessed for many years, the entire thought behind this tour was the cultivation of friendships and the engendering of a more cordial relationship with the communities that we visited.

The most remarkable point that I wish to make clear is that not one word of business was spoken by any of the one hundred and fifty men making this tour. It sounds incredible perhaps to some of the critics of American business men, but it is an absolute fact.

Engineers Aid Industrial Promotion

ORGANIZATION of an industrial development department in the Los Angeles chamber has provided that chamber with engineers and technicians who are qualified to report on local opportunities for new lines of manufacturing. The department includes a manager, two assistant managers, a traffic manager, two textile engineers, a chemical engineer, an automotive engineer and a draftsman.

The department centers its promotional efforts on industrial groups which it believes should be successful in Los Angeles and Southern California. Before making representations to an industrial group, the Los Angeles chamber, through its industrial department, prepares a report which considers and presents the opportunities open to that group in Los Angeles and Southern California. The report is prepared under the direction of the industrial department

engineer who best knows the industry considered. The report is then made available to the manufacturer or manufacturers that the chamber wishes to interest. The engineers support the chamber's representations through personal calls and through correspondence.

California Chambers Cooperate

THE USEFULNESS of cooperative arrangements made by chambers of commerce is exemplified in the relations of the Los Angeles chamber and the Stanislaus County board of trade at Modesto, California. The Stanislaus County organization maintains a lecture bureau in the Los Angeles chamber, with half-hour lectures each day, except Saturday, on Stanislaus County. The lectures are illustrated with slides and motion pictures. The lecturer sends the names of interested persons to the office at Modesto, and correspondence is then begun with the inquirers.

Inquiries are also received by the Los Angeles chamber regarding Stanislaus County. A list of the inquirers is sent each month to Modesto so that the inquirers may be adequately informed in the direction of their interest.

Harvey Wins Prizes in Two Contests

THE BOYS and the girls of Harvey, Illinois, will have a new swimming pool, and more playground facilities because of \$3,000 in prize money won by their home town. The money is to be spent through the chamber for park and playground development. The chamber was active and diligent in the winning of the prizes, which included an award of \$1,000 and one of \$2,000 won in community and national contests.

Harvey is a suburb of Chicago and competed with fifteen other suburbs for a prize of \$1,000 in a competition to decide the best suburb in which to rear children. Harvey is also one of the fifty cities selected by the Harmon Foundation to receive \$2,000 for a playground site. More than eight hundred cities throughout the country applied for the foundation awards.

Lumber Association Offers Prizes

TO STIMULATE the development of original, practical devices which will reduce manufacturing costs or prevent waste, the National Lumber Manufacturers' Association, with offices in the Transportation Building, Washington, D. C., has offered \$2,000 in prizes. The money is to be divided as follows: First prize, \$1,000; second prize, \$500; three prizes of \$100 each; and four prizes of \$50 each. All entries must be received by March 1.

The prizes are offered for suggestions which can be put to use in American sawmills and in logging operations. The suggestions must be specific and accurately explained. A condition of the contest is that

suggestions must be fully developed, new and practical, and preferably should be descriptions of original mechanical devices. Suggestions must be confined to reducing or utilizing wastes incident to present logging and lumber manufacturing methods. Merely calling attention to existing wastes does not meet the intent of this competition.

A View of the "Peddler Evil"

THE RETAIL merchant with capital invested in real estate and stock pays not only his proportion of local and national taxes but is also required to pay a mercantile tax, says Lew S. Soule, editor of *Hardware Age*, in commenting on the interest of merchants in lessening the "peddling evil." He reports an appeal to chambers of commerce, women's clubs and similar organizations throughout the United States to study the "evil" from the community rather than the individual viewpoint. Mr. Soule asserts

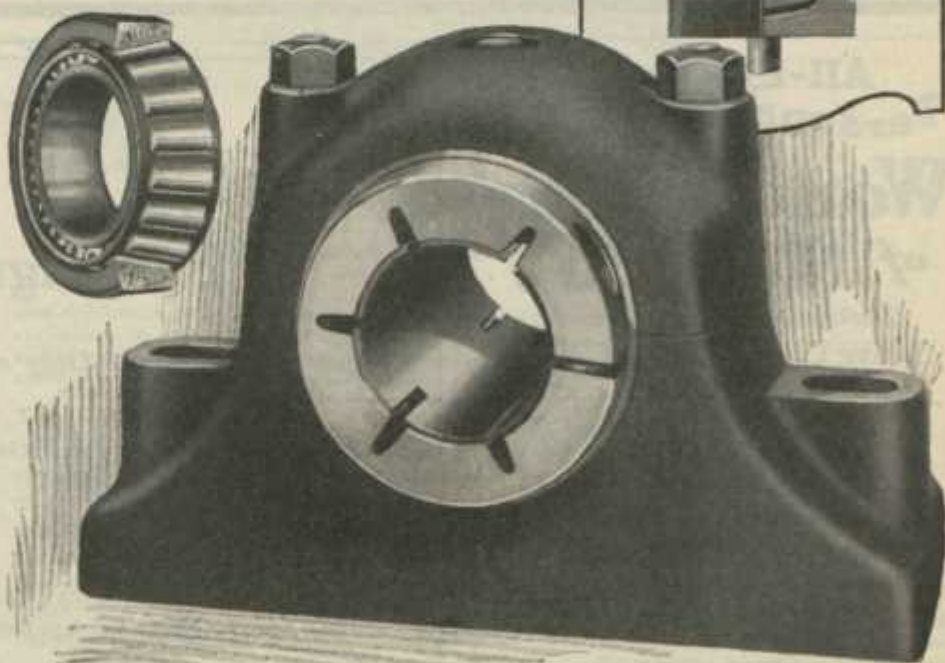
It is a fact that we have yet to find an instance where the housewife received from the

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peddler a better product at a lower price than she could have secured from her local hardware or department store. The retail merchant, who depends not on the profit from a single sale but upon repeat patronage for his continued existence in business, has demonstrated to our satisfaction that his merchandise—be it tools, silk stockings, lingerie or household brushes—is of high quality, and in many cases lower in price than similar merchandise sold by house-to-house canvassers.

To Standardize Store Terms

STANDARDIZATION of the terminology of positions and practices in department stores is to be attempted by the National Retail Dry Goods Association and its seven affiliated groups. The executive council of the association has provided for the appointment of committees by the several groups. The committees are to collect the names now in use for each store position, and determine the definition of the proposed standard terms. The reports of these committees will be presented to a larger committee, designated the committee on study of fundamentals of store organization, which will include the reports in the final recommendations.

The many different names now in use for similar positions and functions have caused confusion and misunderstanding in dealing with problems of store organizations, and it is believed that standardization of the trade terms would aid considerably in simplifying surveys, reports and investigations related to the operation and management of stores.

Taxes and Government Expenditures

STATE and local taxes increased nearly 15 per cent during the years from 1921 to 1923, inclusive, and Federal taxes decreased more than 27 per cent, asserts the National Industrial Conference Board of New York City in a report on the tax burden and government expenditures in the United States, soon to be published. Federal, state and local taxes, considered together, the Board found, decreased 7 per cent.

The national income so increased in the period from 1921 to 1923, the study revealed, that the percentage of it paid in taxes decreased about one-third—that is, in 1921, 16.7 per cent of the earnings of the country were used in paying taxes, and in 1923 only 11.5 per cent were so used.

Other findings and conclusions recorded by the Board are that Federal taxes were reduced by about a billion dollars from 1921 to 1923; and as European countries continue or begin to pay their debts to us they should go on dropping for some time to come, if expenditures do not increase.

State and local taxes are different. During the last five years the states and local governing bodies have been borrowing and spending with increasing lavishness. In 1919 they borrowed 691 millions, in 1923 1,063 millions, and during the first eleven months of 1924 they have borrowed the record-breaking amount of 1,289 millions. Correspondingly, their taxes have increased from 2,956 millions in 1919 to 4,449 in 1923.

Whether or not such borrowing and expenditure is wise depends on several things. First of all, it depends on how much the borrowing unit owes already and how much more it can carry without breaking under the strain. If it can afford it, borrowing may be reasonable, if justified by the object for which the money is intended. For instance, long-term bonds sold to carry out a costly public improvement may be a wise and just method of spreading the cost of the improvement over the people who will profit by it in the coming years, provided that all the bonds are redeemed before the improvement wears out and has to be replaced and that the money is spent at times when it will least compete for labor with other industries.

Most state and local borrowings were, at least ostensibly, to provide streets, roads, and bridges, schools, sewers, water supplies, public buildings,

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In Mexico the party will be under the guidance of Mexican and American railway representatives.

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parks, and light and gas plants, named in order of amount expended in 1923, and ranging from 314 millions for streets, roads, and bridges, and 203 millions for schools down to 16 millions for light and gas works.

The expenses for education, for instance, in 1922, totaled 1,580 millions for carrying on the public schools, in addition to the use of school property valued at 2,409 millions. Education is steadily increasing in cost. It doubled between 1918 and 1923. Today more children are taught for more years by better trained teachers in better buildings than ever before. Moreover, they are better cared for physically: school doctors, nurses, and dentists see that they are cured of defects of the eyes, ears, nose, mouth, etc.—defects which are usually easily cured when the patient is young, but which, if not attended to in time are likely to ruin the health and sharply curtail future earning powers.

Roads, not including city streets, are a very costly factor. Roughly, one-fifth of the entire state and local bonded debt now outstanding was incurred for road building.

Coming Business Conventions

Date	City	Organization
February		
1st week	Toronto	Sand-Lime Brick Association.
4	New York	Textile Color Card Association of the United States.
10	Louisville	Tile and Mantel Contractors Association of America.
12-16	Philadelphia	Pennsylvania and Atlantic Seaboard Hardware Association.
12-14	Fresno, Calif.	Pacific Southwest Conference of Building Owners and Managers.
16-21		American Ceramic Society.
21-23	Boston	New England Hardware Dealers Association.
25	New York	Underwriters Bureau of Middle and Southern States.

Other conventions announced for February included those of the American Paper and Pulp Association, Common Brick Manufacturers Association of America, Concrete Products Association, Glazed and Fancy Paper Manufacturers Association, International Belting Conference, National Association of Builders Exchanges, National Builders Supply Association, National Retail Dry Goods Association, New England Yellow Pine Dealers Association, Retail Millinery Association of America, United States Pulp Producers Association, United Waist League of America, Western Retail Lumbermen's Association, Wholesale Stationers Association of United States of America.

Around The World With a Lamp Bulb

WHEN next your mind turns to travel, take a look at the electric light bulb that hangs above your desk, and go around the world with it. Here are some things that go to its making:

Potash from Germany.
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Shellac from India.
Tin from the Malay States.
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Sodium carbonate from British East Africa.
Bismuth from Australia.
Cryolite from Greenland.
Cobalt and nickel from Ontario.
Molybdenum from Quebec.
Nitro from Chile.

And back home again, the lamp draws lead from Missouri, calcium lime, soda and arsenic from various parts of the United States, marble dust from Vermont, alcohol from Indiana, resin from Georgia, cotton from Texas, wool from Montana, mica from North Carolina, copper from Utah, Montana, Wisconsin and New Mexico.

There are things we have missed, but we have given enough to show that your electric light is not only national but international.



The QUALITY-

that reflects credit on your business is built into Samson office and directors' tables by craftsmen. We would like to take you behind the scenes in our model factory where skilled wood workers apply by hand that durable construction and finish which surmounts a construction which insures long life to the work-benches of the Businesses and Professions.

WHEN you select Samson office and directors' tables at your office supply dealers, you are obtaining the maximum in table value. Only carefully selected and long seasoned oak, walnut and mahogany is used in the construction of these tables. This is given a finish that years of exclusive table manufacture alone can assure.

The under tops of Samson tables are so constructed to prevent warping and add to their strength. Samson table legs are

of boxed construction with tapering joints, with openings at both ends insuring uniform expansion and contraction during climatic changes. All Samson table drawers have three plywood framed-in bottoms; are built of hardwood, dovetailed front and back, finished inside and are neat appearing.

Construction features, yes, but important to know when selecting tables for the hard usage of business.

Well appointed offices are as important to a business as is personality to its representative.

Mutschler Brothers Co.

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See the representative of the United of Louisville when he calls

He won't stay long. He knows the crowding duties of your office and will be considerate of your time. He has a specialized knowledge of one vital branch of your business. He "knows his stuff." He is dependable. He will not promise you more than we can deliver.

He offers a helpful service which you may need now. Assuredly you will need it some time. Learn now how to take advantage of it quickly when the need arises.

If you have to do with the extension of credit to any industry or its retail outlets in the United States you should know how better the United of Louisville can serve you.

An accession of new clients during 1924 proves convincingly that manufacturers and national distributors find this organization to be more dependable, more accurate, more responsible, more helpful. *That's your advantage.*

Send us those accounts you have marked for February action and let us prove to you that our specialized procedure will get results more effectively—more economically over the twelve-month.

UNITED MERCANTILE AGENCIES

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United Building

Collectors for Manufacturers and National Distributors



Government Aids to Business

Investigation of the wearing qualities of textiles has produced interesting data for the consideration of the users

The Wearing Qualities of Textiles Tested

and the manufacturers of textiles, the Bureau of Standards reports. The Bureau explains that the difficulty encountered in developing a method of testing the wearing qualities of textiles was traceable to the many uses of the materials. To illustrate, the Bureau says that one test may be on specimens of carpet and the next on the lining of a woman's suit. Consequently, the methods of applying a wearing test or service treatment necessarily differ according to the material and its use.

To test plushes for railroad-car seats the Bureau used an abrasion test, making notations of the rate at which the pile fell off or pulled out in terms of loss in thickness of the material, including the pile. For overcoating of soft material with considerable nap, the amount of abrasion to cause the material to appear threadbare required a separate method of test. On satins, the Bureau reports, it was necessary to measure the degree of roughing required to distort the usual arrangement of threads, which made necessary another test method. For serges, and similar worsted materials, the loss in physical strength before and after abrasion required a still further test.

The Bureau summarized the work to the middle of December as an effort to establish a suitable apparatus and a suitable method of test for each material having a different use, and to explain why materials become undesirable; also, to determine the controlling factors such as grade of wool, twist, crimp, felting or degree of shrinkage, and tension, chemical treatments, and other characteristics of each class of material.

Tests made by the Bureau of Standards on imported leathers used on wheels for polishing cutlery enabled an American manufacturer of cutlery to make use of domestic leathers at a considerable saving.

The Development of a Leather for Polishing

The manufacturer represented to the Bureau that American leathers were not satisfactory for use in the polishing process, and that it was therefore necessary to import leathers. The imported leathers required further treatment in this country, which added to the expense in its use.

The Bureau made chemical tests on samples of the treated and the untreated imported leathers. The tests disclosed a slight trace of chrome and about 3 per cent of grease. The only difference between the treated and the untreated leathers was that in the former the grease content was less than one-half of one per cent. The only effect of the special treatment was the degreasing of the leather. As the manufacturer could readily accomplish the degreasing, the Bureau's information made possible an immediate saving.

Several samples of American leathers were sent to the manufacturer for testing. He found one that adequately served his purpose.

Preliminary results of an investigation by the Bureau of Standards to formulate standardized tests for heat-retaining values of textile fabrics

Passage of Heat Through Fabrics Is Investigated

are presented in Technologic Paper No. 266. The paper describes a method of test procedure, and analyzes data from several tests on new blankets. Two equations for thermal resistances of a fabric are given, each holding true for a definite range of density of fabric.

The problem of the passage of heat through fabric as stated by the Bureau, is one of heat transmission rather than conduction. Recogniz-

ing that fabrics are all relatively permeable to air and moisture, and that this property may affect the passage of heat through the fabric, the Bureau designed three sets of testing apparatus: the first for measuring the permeability to air, the second for measuring the permeability to water vapor, and the third for measuring the heat transmission.

Copies of Technologic Paper No. 266 are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 10 cents a copy.

The soil corrosion investigation in progress at the Bureau of Standards has developed the preliminary conclusions, the Bureau reports, that rapid pitting of iron and steel may sometimes occur where stray currents are absent, a fact that has

No One Pipe Material Best for All Soils

frequently been disputed, the Bureau asserts; that there apparently are several causes of soil corrosion; and that in certain soils serious corrosion of iron and steel occurs within two years. Rapid pitting of lead also occurred in several cases, but in fewer cases than in the ferrous materials.

In so far as the conclusions may be supported by short-time tests, the results indicate, the Bureau explains, that no one of the commonly used pipe materials tested is generally superior to the others under all soil conditions. On the other hand, the Bureau says, the tests seem to show that the pipe material best suited to one soil condition may give a relatively poor showing under a different soil condition. In other words, the soil conditions must be considered if the best selection of pipe material is to be made.

The Bureau emphasizes the tentative character of its conclusions so far, pending study of specimens subjected to longer exposure. The final results of the investigation, it is hoped, will disclose causes for the corrosion observed, permit the predetermination of corrosiveness of soils, and suggest a satisfactory means of prolonging the life of pipe lines.

Considerations of the planning of retail stores are included in a pamphlet prepared by the Department of Commerce.

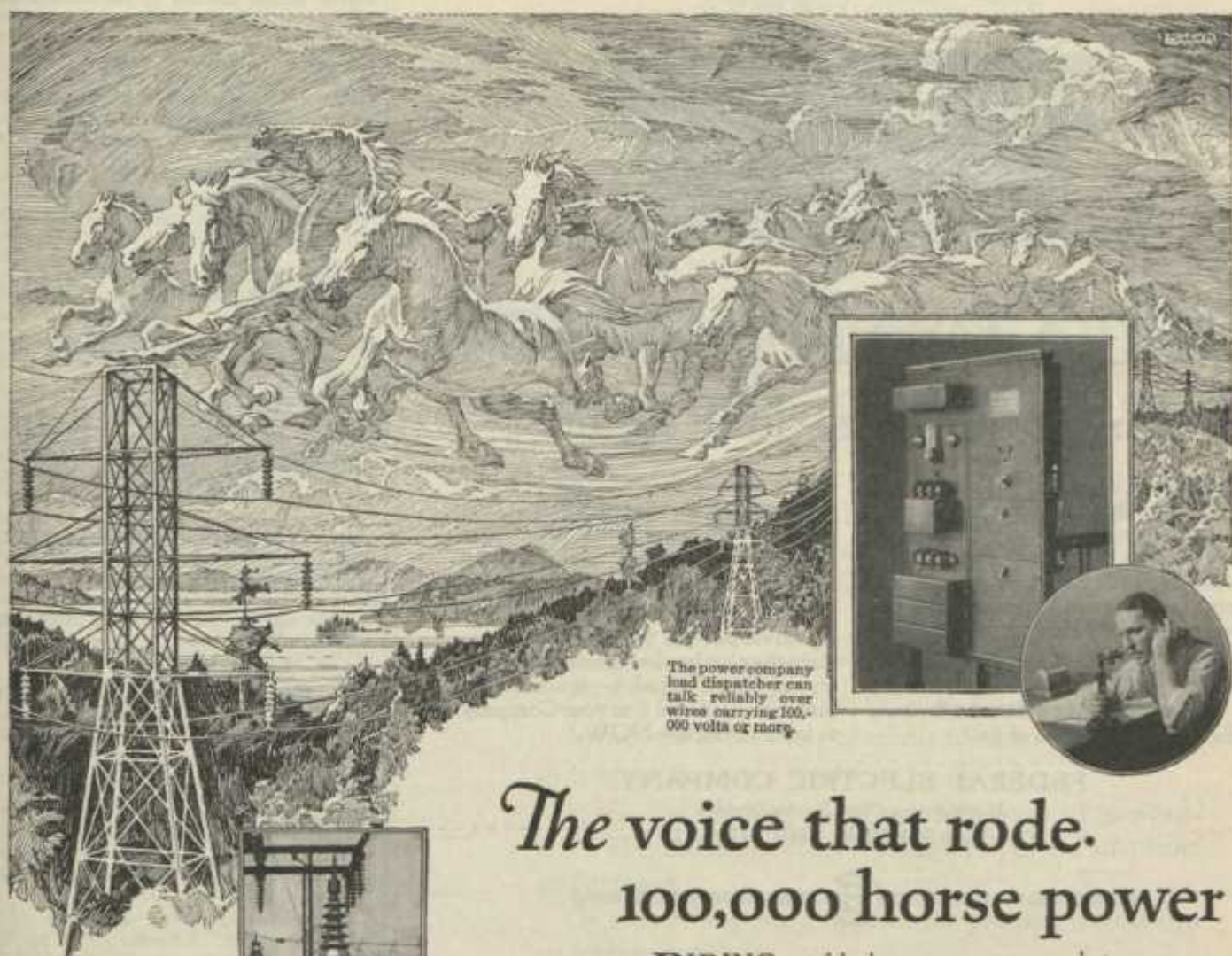
A "Good Front" Important to the Retailer

The pamphlet emphasizes the importance of "putting up a good front." The external features of the store intimate to the public the nature of the activity within. For that reason, the pamphlet says, the store front should suggest the highest attainment in the particular kind of business.

The discussions of display windows, entrances, floor-layouts, and lighting are informative. The type, size, general construction, and lighting of show-windows must meet the requirements of the goods displayed, asserts the pamphlet and then amplifies the assertion with saying that "for large articles of furniture the window space should be of sufficient depth to permit effective display. A soft lavender glow, which might cause feather fans and other dainty articles of feminine dress to look enticingly beautiful, would intensify the gloom of a sealskin coat."

A section on store entrances records the belief that "come in" subtly suggested in a distinctive store entrance means more money in the cash drawer." Circulation of customers through the store may be obtained, the pamphlet says, by placing the elevators at some distance from the entrance, and by placing stairways so that customers must cross the first floor in order to reach them. The discussion of store lighting is based on the principle that "the retailer with the well-lighted store will do more business than his neighbor with a poorly lighted place of business."

Community preference, classification of merchandise, characteristics of customers, grouping



The power company load dispatcher can talk reliably over wires carrying 100,000 volts or more.

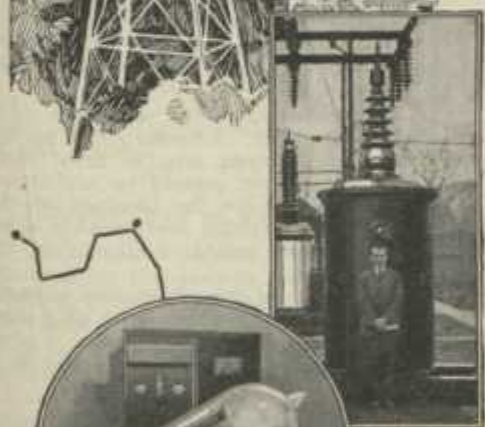
The voice that rode. 100,000 horse power

RIDING astride horse power enough to run an industrial city, came the voice over the wire, "Bad storm put Mill City line out of commission, tie in Springvale circuit."

Now electric light and power company operators can telephone over their own power transmission lines carrying thousands of horse power. Yet they talk and signal with ease with a few thousandths of a horse-power by the use of the Western Electric Power Line Carrier Telephone Equipment.

It is the most satisfactory means yet devised for communicating between the stations of companies which cover a wide area and where commercial telephone facilities are not available. It is an important aid in emergency and it helps maintain service twenty-four hours a day.

Here is a worthy newcomer to the long list of products manufactured by the world's largest maker of telephones.



Not a giant chessman. This coupling condenser gives the voice currents safe conduct from telephone instruments to power line.



Amplifying vacuum tube. This is one of a number of vacuum tubes used in the transmitter circuits.

On a cross country power line any station can talk with any other — with Western Electric equipment.

Western Electric

SINCE 1869 MAKERS OF ELECTRICAL EQUIPMENT



FREE Advertising for YOU on Your Dealers' Store Fronts

A BRIGHT, beaming Federal Electric Sign on your dealers' store fronts, telling everybody 24 hours a day to come in and buy your product—the most effective dealer tie-up you can get—constantly reminding prospects to buy your product, which they have seen advertised or heard about—NOW.

Blaze your trademark across the country in letters of fire!

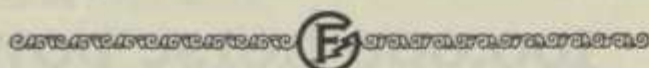
The most marked advance in dealer merchandising—bringing in actual sales day and night—will make your 1925 sales campaign a bigger and more profitable one.

Our Manufacturers' Service Representatives have all the data and can explain the plan in a few moments. Write, wire or phone us today—it won't obligate you—you owe it to your Company to learn the facts—NOW.

FEDERAL ELECTRIC COMPANY

Manufacturers' Sign Service Division

8730 South State Street, CHICAGO, ILL.



A FEDERAL ELECTRIC SIGN IS THE CAUSE OF A BUSY STORE—NOT THE RESULT

Who are our 170,000 Subscribers? They are executives in 99,717 Corporations*

In these corporations the magazine is being read by the following major executives:

Presidents.....	42,678
Vice-Presidents.....	19,333
Secretaries.....	18,654
Treasurers.....	9,045
Partners and Proprietors.....	10,399
Directors, Chairmen of Boards, Comptrollers, General Counsels, Superintendents and Engineers.....	7,292
General Managers.....	15,453
Department Managers (Branch—Purchasing—Sales —Export, Etc.).....	12,723
Major Executives.....	133,576
Other Executives.....	10,118
Total Executives.....	143,694
All other Subscriptions.....	26,740

If this audience represents a market for your products, we shall be glad to give you complete advertising details

NATION'S BUSINESS, Washington

*Figures based on a complete investigation of all subscribers in twelve cities.

of related departments, physical factors and a special section devoted to the location of "non-selling" departments are included in the pamphlet, which is designated Trade Information Bulletin No. 291—Retail Store Planning.

Copies are obtainable on application to the Department of Commerce, Washington, D. C., or on application to any of the district offices of the Bureau of Foreign and Domestic Commerce.

Primary batteries used in railway signal service are to be tested by the Bureau of Standards for the American Railway Association. The tests will determine the capacity and voltage characteristics of several types of caustic soda primary batteries. Batteries have been submitted by several railroads and by several manufacturers.

Batteries for Railway Use Must Not Fail

The tests will include two groups—one at constant current at the temperature of melting ice, and one to measure the discharge through fixed resistances. The results of the tests will be used in revising the Association's specifications for signal service batteries.

Determination of the low temperature characteristics of the batteries is important, the Bureau explains, because the batteries are used under severe climatic conditions, especially in the winter time. Use of the batteries to operate railway signals, track switches, and other mechanical devices requires dependable operation of the batteries at all times.

A spark plug of ordinary type, when used in an engine burning heavy fuel oil, failed in a very short time and was sent to the Bureau of Standards to determine the cause of failure. The Bureau's investigation disclosed that the oil had a rather high sulphur content. The terminals of the plug, as received, the Bureau reports, had crumbled off.

Effect of Fuel Oil on Spark Plug Terminals

Examination revealed a very pronounced inter-crystalline attack. A similar attack has been observed, the Bureau says, in nickel and nickel steel alloys where exposed to sulphurous gases. The wire used for the terminals of the plug was nickel containing approximately 4 per cent manganese—an ordinary composition, the Bureau explains.

The results of the examination suggest to the Bureau that the ordinary spark plug should not be used for service in which there is probability of sulphur contamination, which may develop in the use of fuel oil.

Analyses are in progress at the Bureau of Standards to determine any difference in the gas content of two grades of welding steels. Manufacturers of oxy-acetylene welded sheet steel products—tubes, barrels and the like—report that some lots of sheet steel have given unsatisfactory welds, apparently because of the evolution of gas as the molten weld metal hardens.

Gases Found in Sheet Steel for Welding

Samples of satisfactory and unsatisfactory sheet steel have been submitted to the Bureau by a manufacturer of tubes. According to one manufacturer, there is some evidence that an aluminum-treated steel is very likely to make a poor welding sheet.

The practical value of gas analysis to the combustion engineer as a guide in the proper designing and operation of automotive engines is pointed out in Serial 2631, issued by the Department of the Interior through the Bureau of Mines. Combustion engineers make considerable use of gas analysis in the design and operation of power and heating plants, but the automotive industry, the Bureau says, has made little use of gas analysis.

Gas Analysis a Guide to Motor Design

When writing to the Federal Electric Company please mention Nation's Business

sis in the design and construction of internal combustion engines.

The tendency at present, according to the Bureau, is to pay more attention to ease and flexibility of operation than to efficiency of combustion. Neither condition can be fully realized, Bureau engineers assert, except when each cylinder gets a mixture of the same composition—that is, when some cylinders do not “load up” with gas at the expense of others. The “loading” is caused by some of the cylinders having too rich a mixture and some having too lean a mixture. Under that condition, the engineers say, it is entirely impossible to get efficient combustion from the fuel used.

The serial gives the results of tests showing how the relative distribution of fuel to the different cylinders of an internal-combustion engine can be determined by gas analysis. A simple portable apparatus for making the determination is described. A few tests are given showing results obtained from an engine with good distribution, and tests made under road conditions on an engine giving poor distribution.

Copies of Serial 2631 may be obtained from the Department of the Interior, Bureau of Mines, Washington, D. C.

To determine the effect produced by substituting feldspar for quartz, and quartz for feldspar in enamels for sheet

Feldspar and Quartz in White Cover Enamels

iron and steel, the Bureau of Standards made a series of tests. Results were obtained with three groups of 20 enamels each, in which the feldspar-quartz ratios were 60:0, 35:25, and 0:60, the other constituents changing in quantity and kind.

The results indicated in general, the Bureau reports, that: First, increasing the quartz reduced opacity of the enamels, increased their resistance to thermal shock and to action of acid, but produced no marked changes in their mechanical strength; second, the effects of increasing the feldspar were not as pronounced as in the former experiment, but a slight decrease in opacity, resistance to acid and thermal shock, and mechanical strength was obtained when the feldspar was increased.

The Problems of Palestine

THE ORGANIZATION of Palestine as a homeland for the Jews is going forward. But what diplomacy the business calls for! Here is a land of Arab population—even now ten Arabs to every Jew—with Arab manners and customs and the religion of Mohammed. In fact an Arab region, receiving immigrants willy-nilly because “The Powers” having a mandate over the territory have so decreed, but trying to ignore them. How to reverse the order of things and make the administration read in terms of Jew rather than Gentile?

The Arabs are hostile. An administrative council composed of both Arabs and Jews was suggested, but the Arabs “wouldn’t play”; they claimed the entire membership. They are suspicious of Zionism. The immigrants, limited as they are by a most rigid “quota” and selection, are intelligent, very modern and highly educated, and backed by enormous wealth, whereas the “native sons” are illiterate and fanatical and poor. Will not the quality and power of the newcomers overwhelm the numbers and priority of the old? The poor and ignorant followers of Mohammed feel themselves slowly but surely slipping.

Only by going slowly, and by making so conspicuous the benefits of Zionist activity and participation that Mohammedans must acknowledge the advantage of their presence, can the experiment eventually succeed. And where has intelligence combined with money ever failed?



Quick, profitable business with distant markets

WHEN a Brooklyn shoe manufacturer sells to a new customer in Nevada—

When Nevada ships her mining products to New York—

When Oregon apples are contracted for in London—
Profits may hinge on several factors.

It may be a question of credit information, wanted in a hurry before a deal can be closed.

It may be a matter of quickly locating and forwarding a shipment on which current prices are of prime importance.

Or everything may depend on prompt collections to release capital.

A thorough understanding of these vital factors and many others equally important, gained in more than 70 years' commercial banking experience, enables the Irving Bank-Columbia Trust Company to handle any type of financial transaction between New York and other trading centers, or between centers outside the metropolis, with dispatch.

Every part of the entire business world is accessible to Irving-Columbia customers through correspondents or representatives in virtually every trading center of importance in this country or abroad.

For the convenience of our out-of-town customers, this complete service—backed by all the resources and facilities of a great financial organization—is now concentrated in our Out-of-Town Office.

IRVING BANK-COLUMBIA TRUST COMPANY

NEW YORK

Recent Federal Trade Cases

TO INFLUENCE purchases by bribery is to practice unfair competition, asserts the Federal Trade Commission in a case against a varnish company of Louisville. The company admitted the charges of the complaint and agreed with the Commission as to a statement of facts on which the Commission issued a prohibitory order.

The findings report a specific instance admitted by the company. A furniture company bought several barrels of varnish through the recommendation and influence of the foreman finisher, the findings state, the understanding between the finisher and the president of the varnish company being that the finisher was to be compensated for using his influence with his employer to make the sale.

The person in control of the furniture company was not aware of the understanding and arrangement, the findings explain. The Commission further found, it reports, that in order to conceal their activities in bribing employees the president and vice-president of the varnish company, who also served as traveling salesmen, resorted to the use of fictitious names and addresses.

Discontinuance is required with regard to these practices: Giving or offering to give, either directly or indirectly to superintendents, foremen, or other employees of their customers or prospective customers, without the knowledge and consent of such customers, or prospective customers, any sum or sums of money whether such money be given or offered;

1. As inducements to influence said employees to purchase from respondents or any of them, any varnish or other product for and on behalf of the employers of said employees;

2. As inducements to influence said employees to recommend such purchases to their employers.

3. Or as rewards for having induced such purchases by their employers.

VIOLATION of the Clayton anti-trust act is charged against a rubber company of Chicopee Falls, Massachusetts, and against a chemical and dye corporation of New York City.

The rubber company manufactures tires and tubes for pleasure and commercial automobiles, motorcycles, and bicycles, and also makes other rubber products. The complaint asserts that the company acquired approximately 51 per cent of the stock or share capital of a rubber company at Cudahy, Wisconsin, which had previously taken over the physical assets of another company, also located at Cudahy. The effect of the acquisitions in the manner described in the complaint, the Commission contends, is substantially to lessen competition between the companies named with regard to the sale and distribution of automobile, motorcycle and bicycle tires, mechanical rubber goods and sundries.

Complaint against the chemical and dye corporation rests on the charge that the corporation acquired the stock or share capital of five other corporations. The effect of that acquisition, as seen by the Commission, is

substantially to lessen competition between such corporations; to restrain commerce in various articles, products and chemicals produced by these corporations; and to tend to create in the respondent a monopoly in various lines of commerce in which the corporations were respectively engaged, especially in the chemicals and coal tar products required in the production of dyes and dyestuffs.

BASED on an agreed statement of facts, an order has been issued by the Commission requiring a feather-bed and pillow company of

Nashville to discontinue representing in any manner that it manufactures commodities offered for sale or sold by it, unless and until it actually manufactures the commodities, and representing in any manner that commodities sold or offered for sale by it at varying prices differ in quality and make, according to the scale of prices at which the commodities are sold or offered for sale, when there is no difference in grade or quality.

The company sells feather beds and pillows and related articles direct to users throughout the United States. It also manufactures feather beds and pillows, but a large part of the articles offered for sale are bought from other manufacturers.

In the exploitation of its products, the company, asserts the Commission, made false and misleading statements in advertisements, catalogs and other trade literature to the effect that it manufactures the articles in which it deals, and that it sells direct to the consumer at factory

prices, thus eliminating profits of all middlemen. The representations are made, the Commission believes, in behalf of all articles offered for sale by the company, regardless of whether or not the articles are manufactured by the company or are bought by it from other factories.

Further false and misleading practices found in this case by the Commission were the labeling and marking of certain of their products under the following names: "Princess," "Progress," "Washington," "Puritan," and "Ideal" with the accompanying statement that they were all of different grades and qualities, and with accordingly varying prices. The fact is, the findings state, that the bedding so labeled was all of the same grade of feathers and covered by the same grade of ticking, with no difference in the grade, make or quality.

IN AN alleged combination of several advertising agencies, advertising solicitors, and newspaper publishers the Commission sees an attempt to compel national advertisers to employ the agencies cited or other advertising agencies in the placing of national advertising in newspapers throughout the United States.

According to the citation, newspaper publishers throughout the United States for many years have had two rates at which they compute and charge for the publication of national advertising in their respective newspapers. These are known as the "gross rate" and the "net rate." The "gross rate," the Commission says, is intended by the publisher to apply only to national advertising placed with the publisher by an agency, the "net rate" being the amount which the publisher receives as his remuneration for the publication of the advertisements.

In the complaint the persons and the organizations cited are charged with using various alleged methods for the purpose of compelling advertisers either to employ agencies or to pay for direct advertising at "gross rates," the "gross rate" in all instances being greater than the "net rates" usually charged by newspapers for advertising when the advertiser deals directly with the newspaper and not through an advertising agency.

The result and effect of the alleged combination, the complaint asserts, is to hamper and obstruct national advertising throughout the United States; to restrict the dissemination and distribution of national advertising and of the essential type parts to channels and upon terms and conditions dictated by the persons and organizations cited; to restrict the publication of national advertising to newspapers throughout the United States selected and approved by the persons and organiza-

THIS article outlines some of the charges, findings and orders issued by the Commission in consideration of complaints proceeding from trade practices in connection with:

Advertising rates
Chemicals, dyes
Cigars
Cordage

Cutlery
Feather beds, pillows
Rubber products
Toilet articles

Varnish

PROPERTY PROTECTION

Cyclone Chain Link Fence protects against theft, trespass, vandalism. Stops the constant drain on profits resulting from property losses. An investment that pays big dividends.

The Cyclone Fence Company has facilities for handling any industrial fence installation. Cyclone National Fencing Service solves any fencing problem and is available everywhere.

Write nearest offices

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Waukegan, Ill. Cleveland, Ohio
Newark, N. J. Fort Worth, Tex.

Western Distributors:

Standard Fence Co.
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Northwest Fence & Wire Works
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The Mark
of Quality

Fence and
Service



Cyclone Fence

"Galv-Alloy" Chain Link

WE ALSO MANUFACTURE IRON FENCE FOR ANY PURPOSE

PROPERTY PROTECTION PAYS

When writing to CYCLONE FENCE COMPANY please mention Nation's Business



Four Thousand Miles across the continent in Pierce-Arrow Motor Coaches!

The greatest achievement in motor coach history

Four Pierce-Arrow Motor Coaches left New York on November 10th for a sightseeing trip across the continent. Thirty days later they arrived at Los Angeles after covering more than 4,000 miles.

There were many who said it couldn't be done. This is what R. R. Sibley, President of Motorway Tours Company says, "This tour represents one of the greatest achievements in motor coach operation. We went over all kinds of roads, numerous mountain ranges and deserts, without a mishap or adjustment. Our actual running time averaged 30 miles an hour, despite the fact that we ran through all kinds of weather and negotiated all kinds of roads. In some stretches we broke trails through deep snowdrifts."

One of the drivers had this to say regarding the Pierce-Arrow Motor Coach, "I want to say here and now there isn't another coach chassis in the country that can compare with it for pure undisputed stamina. She has plowed her way through heavy dirt—much harder than sand—negotiated the much feared "Raton Pass" to within a half mile of the summit *on high*, pushed her nose through streams a foot and a half deep and made many fast cars eat dust on fairly good roads each day. I marvel more and more at that staunchness."

* * *

This trip is destined to occupy a prominent place in automotive history. It points out in a conclusive manner why the modern Pierce-Arrow Motor Coach, with its six-cylinder, 100 horsepower engine, is an undisputed leader in its field.

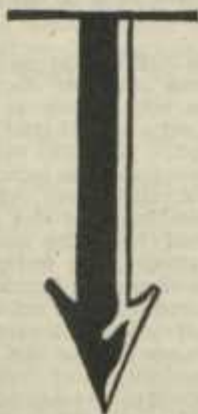
We shall be glad to arrange a demonstration for coach operators.
THE PIERCE-ARROW MOTOR CAR CO., Buffalo, N. Y.

Standard Chassis \$4600

Terms if desired

for 106-inch wheelbase, \$4750 for 220-inch wheelbase, at Buffalo; including starter, battery, generator, solid tires and electric lights. Pneumatic tires and disc wheels optional at extra cost. Either chassis will accommodate the Sedan, sight-seeing or pay-enter types of wood or steel bodies, ranging from 18-passenger capacity upward.

**Pierce
Arrow**
SIX-CYLINDER
MOTOR COACHES



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Home of the Leaders
in Statecraft
Diplomacy, Finance
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Four Short Blocks
From New Home
of U. S. Chamber
of Commerce.

BUSINESS MEN who are planning to attend the annual meeting of the Chamber of Commerce of the United States in May, will enjoy the maximum of comfort at The Mayflower, Washington's newest and finest hotel. Early reservations will enable the management to give a more satisfactory grouping of rooms for delegations.

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NATION'S BUSINESS
Washington

When writing to THE MAYFLOWER please mention Nation's Business

tions named; to compel newspaper publishers throughout the United States to charge for national advertising at "gross rates," and to prevent them from giving "net rates" to direct advertisers; and to compel national advertisers to employ the agencies cited or other agencies in the placing of national advertising in newspapers or to pay "gross rates" for direct advertising.

MISBRANDING of knives made by a jewelry company of Newark is charged by the Commission. According to the citation the company, as a means to induce the public to buy knives manufactured and sold by it in interstate commerce, causes the mounting of the knives to be represented, described and designated by marking, inscribing or stamping the mounting "10K" or "14K."

The complaint alleges that the entire mounting of the knives so marked was not manufactured from ten karat or fourteen karat gold, but consisted of metal or metals other than gold, covered, faced and veneered with gold in whole or in part. The company's acts, the Commission contends, are all to the prejudice of the public and competitors, and constitute unfair competition.

QUESTIONABLE use of the word "mills" bobs up in two cases—one involving a firm in New York and one in Louisville. The New York firm buys twine, string, and other cordage, which it sells to retail dealers and consumers throughout the United States. The Commission charges that the firm's use of the word "mills" in its corporate name on business stationery and other trade literature has the tendency to mislead and deceive the trade and the consuming public into the erroneous belief that the company owns, or operates mills in which the products it sells are manufactured, and that persons buying from the company are thereby saving the profits of middlemen. According to the complaint, the company neither owns, operates, controls nor is interested in any twine, string or cordage mill, but buys its products from manufacturers.

The Louisville firm manufactures men's made-to-order clothing and other garments, which it sells at retail through numerous branch stores in West Virginia, Ohio, Indiana, Tennessee and Kentucky. The findings assert that the company used in advertisements of general circulation phrases and slogans which created the erroneous impression that the clothing offered for sale was made from cloth manufactured by the company cited, and that purchasers of the company's clothing were thereby saving the middleman's profit. Investigation disclosed, the Commission says, that the company buys its cloth from woolen mills, paying the same price as do other clothing manufacturers who buy in large quantities.

The findings further state that the company, by the use of the word "mills" in its corporate name and by misleading slogans, creates the mistaken belief that it owns or operates a mill and that the purchaser is buying direct from the manufacturer of the cloth used in making the products sold by the company. The Commission has ordered the company to discontinue doing business under any name which includes the words "woolen mills" or "mills" unless the company actually owns or operates a mill in which raw wool is converted into cloth.

ESTABLISHING and maintaining a system of uniform prices are charged against a trade association with offices at Fitchburg, Massachusetts, and a manufacturer of perfumes in New York City.

The trade association includes manufacturers of knives and cutting tools and devices adapted to cutting machines, and also paper-mill bars and machine-bed plates. The members of the association are charged with trying unduly to enhance the prices of machine knives and other products manufactured by them, and to accomplish a uniformity of prices, allowance being made for grades, brands and the like.

The complaint further charges that the purposes of maintaining prices are accomplished through the medium of a so-called "reporting plan." That plan, says the Commission, includes the report-

ing by members of the association of bids, sales, prices, contracts, terms of sale, and terms of contract, credits, discounts and other detailed information concerning each member's daily business transactions, involving machine knives, paper-mill bars, or machine-bed plates. The effect of the alleged combination, according to the Commission, tends to suppress competition in price in the sale of the products involved, and has denied to the public those advantages in price which would prevail under conditions of normal competition.

The complaint against the perfume manufacturing corporation alleges that it enlists and secures the support and cooperation of retail dealers and of its officers and employees in enforcing the merchandising system alleged to have been used by it to establish and maintain certain uniform prices at which its toilet articles shall be resold. The complaint recites in detail numerous methods alleged to have been used by the corporation in preventing retail dealers from reselling the corporation's products at prices less than the established prices set by the corporation.

As seen by the Commission, the effect and result of the corporation's alleged acts is to suppress competition among retail dealers in the distribution and sale of the corporation's products, and to prevent dealers from selling its products at the prices they may desire, thus depriving the ultimate purchasers of the advantages in price which they would obtain from unobstructed and free competition.

A FIRM of cigar makers at Red Lion, Pennsylvania, has been ordered to discontinue using the words "Key West" alone or in combination with any other word or words on labels, brands, or legends on cigars or on containers for cigars, or in advertisements used in connection with the sale or distribution of cigars if the cigars are in fact not made in the city of Key West, or in the Key West district of Florida, and are not manufactured from tobacco grown on the Island of Cuba.

In its investigation of the case the Commission found, it says, that the firm made cigars from tobacco grown elsewhere than the island of Cuba, and as a means of inducing the public to purchase the cigars marked and labeled them with the words "Key West Perfectos." The Commission also found, it reports, that the firm supplied to dealers certain window and counter displays in which the words "Key West Perfectos Imported" were set forth in large and conspicuous letters, and that the firm's use of the words "Key West" in the manner described tended to deceive and mislead the trade and the public into the belief that the cigars manufactured by the firm at Red Lion from tobacco not grown on the island of Cuba are made in Key West and composed of island of Cuba tobacco.

Romance of Electricity in Film

A MOTION picture called "Power" has lately been released by Stone & Webster. It is said to present the story of our progress from a world without either steam or electricity—a literally "powerless" world—through the period of steam and the industrial revolution, to the present high-powered age. And not the least fascinating portion of the film is that which shows the construction of The Edison Electric Eliminating Company of Boston designed to generate 400,000 h.p. of electrical energy.

Skilled Men for Building Trades

TWO YEARS ago the New York Building Congress initiated night courses for apprentices. Seven trades opened schools, under the joint supervision of the building unions and the building employers, and with the cooperation of the Board of Education. Since starting, the enrollment of carpenter apprentices has increased by 200 per cent, bricklayers 300 per cent, and those in painting, concrete work and plastering 100 per cent.

The outlook at this rate is excellent for a future supply of skilled workers.



Three reasons for having a New York account with The Equitable

THE EQUITABLE can be an important factor in the development of your foreign business.

1. We offer exceptional facilities for financing foreign purchases through import letters of credit, and can be of assistance to you in paying duties on imports and arranging the clearance of goods.
2. New York is now the primary market for the purchase of foreign currencies. It is becoming a recognized practice that payment of drafts drawn under import letters of credit shall be made in New York funds.
3. Through our offices in London and Paris and our foreign correspondents we can promptly furnish valuable trade and credit information, and can arrange funds to meet emergency demands when you are buying abroad.

Write for particulars regarding our foreign services.

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247 Broadway

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PARIS: 73 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

DISTRICT REPRESENTATIVES

PHILADELPHIA: Land Title Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South La Salle St.
SAN FRANCISCO: 485 California St.

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The Chemical Foundation

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Your Will—Have You Made It?

EXPERIENCE shows that few men have made their Wills. At the death of E. H. Harriman, the world was amazed at the brevity of his Will.

He was one of the greatest financial geniuses this country has produced, and yet his Will was one of the shortest complete Wills ever probated.

Its exact form has often been followed by others. If you have not made your Will, you may be interested in seeing a copy of this now famous document, which made provision for the distribution of an estate of millions, and which was effected without legal difficulty.

Shall we forward you a copy of this Will,—with a form of Will based thereon, adapted to the laws of the State in which you reside,—which may be conveniently used in making your own Will?

Address Inquiries to Agency Department

John Hancock
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

Home Office Building, 197 Clarendon Street, Boston, Massachusetts

Chips from the Editor's Work Bench

LIKE as not, the present is as romantic as the past. But industrious antiquarians continue to exploit the good old days to the discredit of the here and now. So imagination sometimes topples over reality. Yet who shall say that the strolling motor mechanic in the news stories of this day is less glamorous than the strolling player of the brave tales of old?

The strolling motor mechanic is the suggested solution of the stalled motor car problem. When a car stalls the police help to get it out of traffic. But pushing does not make repairs, and the usual practice is to wait for a tow. So, if a strolling mechanic could be hailed at need, a stalled car should make no more than a ripple in the flow of traffic.

And this man of tools could blazon his trade to certainty of distinction. He might wear a radiator cap, say, or bear a device with a gasoline can reversed on a field oily. A portable siren he could use to announce his nearness, just by way of tooting his own horn to accelerate business.



CROSS-WORD puzzles now appear on the backs of menu cards printed for diners on main lines of the Lackawanna Railroad. But haven't the faces of menu cards been riddles enough—what with trying to keep diet out of debt, and backing A. E. F. French against the lingo of chefs?

Perhaps if a diner is stymied by the trick words on the back of the menu card he may borrow a letter or two from the steward, or whoever is running the game. But for the face of a menu card no diner needs coaching. Although foreign names on menu cards may mean nothing, the numbers do—and the diner can call his own numbers. For the good of the order, why not stick to the language of common cents? Money talks in any language, but it's what the cashier says that really counts.

RICHARD BREADEN, of Berwyn, Md., works for the United States Government. He is assistant superintendent of the stamp division of the Post Office Department. It seems that he has developed a device for the precanceling of stamps, a device estimated to accomplish an annual saving of \$250,000 to the Government. On recommendation of the Committee on Experiment, Research and Design, the Postmaster General has awarded \$1,000 to Mr. Breaden. The award is the maximum permitted by law.

Breaden developed the device, which is used as an attachment to rotary presses, with the assistance of Blair McKinzie, a machinist in the Bureau of Engraving and Printing. The Department recognized McKinzie's assistance, but the law made no provision for an award to him.

In competitive business their work might have received greater award, as they probably know. To save a quarter of a million dollars for any employer is important and notable. Although the name of the Committee

concerned with the award suggests that individual initiative is not unusual in the postal service, the inventive enterprise of the two men cited is refreshing evidence that the Committee does have occasion to recognize and reward progress in behalf of the public interest.

NOT FAR from the little town of Castleton in the State of New York stands a new railroad bridge. The bridge was opened for service late in November. It is 150 feet high and a mile long. Three gigantic stone and concrete piers support the weight of its great mass.

The bridge is the most conspicuous feature of the \$25,000,000 "cut-off" built by the New York Central to overcome delays at Albany because of the density of the traffic there.

The bridge is a monumental expression of the progress of American engineering. But it is more than that. It is a memorial to A. H. Smith, who rose from laborer in a bridge gang to the presidency of the New York Central Lines. He saw the need for the improvement, and gave expression to it. Obstacles to construction there were, and authority to build was long in coming. Work did not begin until 1922, although a subsidiary company for the construction was organized in 1913.

So the bridge was built, and Mr. Smith is remembered in character with his life and works.

The bridge is strong, dependable, and useful.

MORE than 1,700 of the 2,700 night students at Carnegie Institute of Technology are taking courses in the building and machinery trades. Although a majority of the night students enrolled in the trade courses are regularly employed in trades directly or indirectly related to their night studies, it is significant that many of the students in these "overalls" courses are filling "white collar" jobs in the daytime.

The Institute reports that draftsmen, trac-



ers, clerks, and timekeepers are taking "overalls" courses either to shift later to a trade or to become skilled craftsmen that they may climb faster up the ladder of industrial success.

Well, a collar seems no great help in getting up a ladder, but whoever saw a fireman in overalls? Just the same, if college men take the thing seriously, denim trousers may outdo linen knickers as campus togs—new seats of learning, so to say.

CONSUMERS generally know less about differences in cuts and qualities of meat than any other commodity, says the United States Department of Agriculture after interviews with housewives in fifteen representative cities. Most of the housewives interviewed were able to name only two or three steaks which they could recognize if cut, and the average number

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IT HAS been truly said that the best judge of the value of advertising in any medium is the local advertiser, because he bases his decision on the direct results produced. Consequently the volume of local advertising carried by any newspaper is conclusive evidence of the productiveness of that newspaper.


In Chicago the decision is clear and decisive. According to the authoritative figures supplied by the Advertising Record Company, for the first eleven months of 1924, The Daily News published 11,235,081 agate lines of local display advertising, as against 7,551,018 agate lines published by its nearest competitor in the daily field—a morning newspaper.

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BASILIO VÉLEZ, Municipal Secretary

of roasts with which they were familiar was less than two.

Beef was found to be preferred over other kinds of meats by three out of every five families interviewed. Pork was rated second choice by the poor families, and lamb second by the well-to-do families. Veal generally was reported as not liked except by Italian families.

A preliminary report of the survey asserts that—

Sixty-one per cent of the native white population surveyed bought meat from shops which were within a radius of less than three blocks from their homes. Only 25 per cent were in the habit of going five blocks or more to make meat purchases. Forty-three per cent of the native white American families bought from the nearest dealer. Quality of meat attracted housewives more than any other feature about a meat shop.

The Department's study of retail costs and operating margins in 1923 for a number of retailers shows that of the average consumer dollar received by the retailer, the meats cost 78.6 cents, that the retailer's total expenses were 19.7 cents, and that he made a net profit of 1.7 cents. The average percentage of cost of goods sold for stores making a profit was 77.3 of sales, and for stores incurring a loss this figure was 80.9 per cent of sales.

From its investigation the Department believes that—

greater knowledge of comparative values of meats by the consumer would be beneficial to the trade. Shops which handle the better grades of meats and are strictly honest in their advertising and selling practices would not be handicapped, as they sometimes now are by the price competition of other dealers who handle inferior products. Individual dealers can help with the education of the housewife by showing her differences in cuts, explaining the differences in grades of beef, and pointing out how trimming affects her purchase.

So far so good. But is there no thought of educating the benighted cannibal? Just because a consumer yells "Yoh mah meat!" is no reason to give him pot roast.

GLISTA ERNESTINE is no more. She was born in 1908 and spent her life at Ithaca on the Cornell University farm. She



was almost continually on exhibition at the barns of the state college. She traveled only once—when she attended the national dairy show in Syracuse last fall.

She died in the fullness of years and good works. She is survived by thirteen direct descendants. All of them inherited in marked degree the traits that made their mother famous. By all report she was a grand old queen of cowdom. And wherever men tell cow tales there will be tall talk of her prowess. Some say she produced more milk than any other cow. Her record for sixteen years was 202,005 pounds of milk and 7,342 pounds of fat. During eight years of her life she made a record of an average of 17,600 pounds of milk a year.

So Glista Ernestine is no more. But let the

business world—and all other worlds—take heed of her life. She was great and famous because she gave freely and to good purpose. Her labors are done. May her diligence find reward in some peaceful pasture along the Milky Way.

PASSENGERS come and passengers go—if they aren't on time they tell the world about it. And the telling holds no kind words for the railroads. Not so usual is praise for the punctual performance of schedule requirements. And yet . . . there's that letter from J. M. Davis, president of Manning, Maxwell and Moore to R. E. Ashton, president of the American Railway Association. Says Mr. Davis:

About four years ago, I became a cash customer of the steam railroads and the Pullman Company. With a view to learning what traveling was necessary in connection with a business with which I was not then thoroughly familiar, I kept a record of each trip.

In looking over the list, I can testify to the fact that I have been on three trains only that were late during the entire four years. On one trip during the shopmen's strike, I was on a train that lost five hours on a rather long run, due to interference by sympathizers—on another, three hours, and on one, fifteen minutes. These particular cases were in widely different parts of the country. . . .

All is not complaint that flitters into railroad offices—there's still an occasional fig among the epistles.

SOME men make a business of hunting, and because of their skill predatory animals are fewer. Federal, state and local governments have cooperated in employing hunters to kill animals that prey on livestock and game. The operations of these hunters, during 1924, were reported from Arizona, Arkansas, California, Colorado, Idaho, Michigan, Missouri, Montana, Nevada, New Mexico, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming. The "kills" included 562 wolves, 134,092 coyotes, 3,507 bobcats and Canada lynxes, 237 mountain lions and 193 bears.

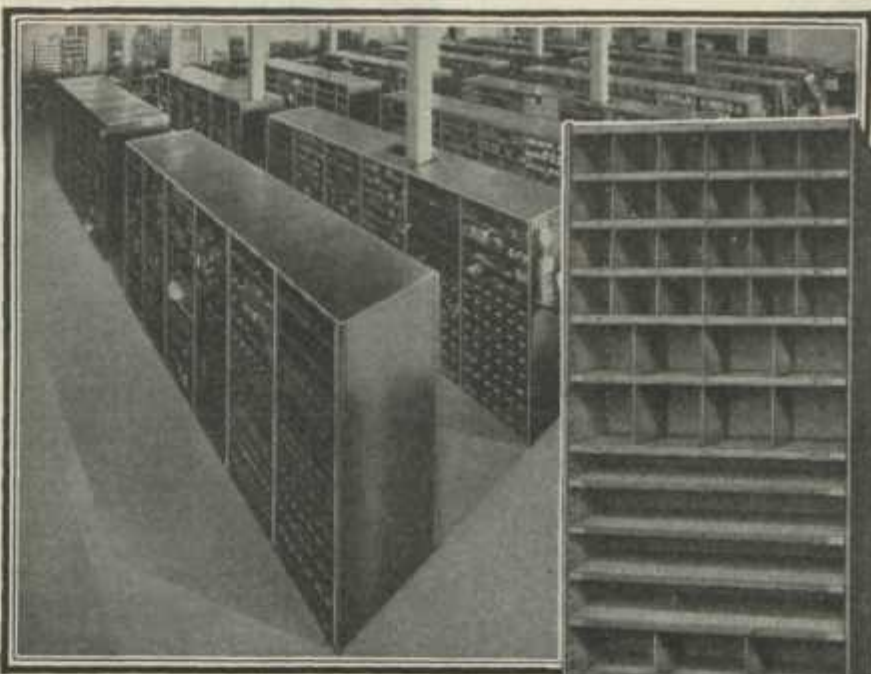
The story of the hunting operations is tersely told in the annual report of the Chief of the Bureau of Biological Survey, Department of Agriculture. Notable "kills" included "an old white wolf in Arizona, known for the past eight years on the Aguila range, and reported by stockmen to have killed about \$25,000 worth of cattle and sheep," "a wolf locally known as the 'butchering wolf' was trapped in Eagle County, Colorado" . . . "a large male mountain lion in the Pike National Forest" . . . "a grizzly in the Okanogan Forest Reserve in Washington State, definitely known to have killed 50 head of cattle and 150 head of sheep during the summer of 1923."

Western states predominate in the seventeen states in which operations were directed against predatory animals. So the west has not lost the wildness of its animals, nor have all its great open spaces become town lots. And the report is assurance that should a man tire of the soft living of the city he can still match his resourcefulness against the cunning of animal hunters. To face an up-and-coming grizzly is to sharpen all the faculties of decision and action. A grizzly is not to be put off with any of the buffers of business. To ask him to wait is to invite the fate reported in a bit of doggerel—

Algy met a bear;
The bear got bulgy;
The bulge was Algy.

—R. C. W.

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If you are interested in the mining wealth and ever-increasing mining industry of Canada or in the development or supply of the very great variety of industrial raw materials available from resources along the Canadian Pacific Railway, you are invited to consult this Branch. An expert staff is maintained to acquire and investigate information relative to these resources and to make examinations of deposits in the field. Practical information as to special opportunities for development, use of by-products and markets, industrial crops, prospecting and mining given on application.

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Trade Paper Digest

Current Comment in the Business Press



WITH THE big baking concerns leading the way, and the railroads getting their heads together, it looks as though "mergers" were to be the fashion in 1925. Scare-lines may follow announcing "probes" and "investigations" into the merging processes. But President Coolidge emphasized the "economies of mass production" in speaking before the Chicago Stock Show recently, and consolidations do not expect to meet with official disfavor.

"Since the formation of the U. S. Steel Corporation, there has never been a merger of such immense proportions as the recently organized Continental Baking Corporation with an authorized capital stock of one-half billion dollars," says *The Price Current-Grain Reporter*. The combination is authorized to operate factories and elevators and produce and store grain "and food articles of any kind that may be produced therefrom." Even the steel corporation, says the journal, "never contemplated such a grasping policy." The grain trade is uneasy. Already the Federal Trade Commission is investigating.

The President, as quoted by *Railway Age*, believes that consolidation of the railways into a small number of competing systems would result in various advantages, but "whether the number of ultimate systems shall be more or less seems to me can only be determined by time and actual experience in the development of such consolidations." The journal turns a warning light on the danger "that there will be too much optimism among public men and regulating bodies regarding the rapidity with which desirable combinations can be formed and . . . efficiency and economy . . . be effected." Sir Henry Thornton, president of the longest railway system in North America—the Canadian National—said recently: "I question from an administrative point of view the wisdom of enlarging any of the great railway systems of the United States, such as the New York Central and the Pennsylvania, because I doubt the ability of any railway president to administer efficiently and effectively any larger mileage than that of the railways I have mentioned, having in mind the density of traffic." He added: "Railway consolidation in the United States, in my judgment, should extend merely to the mopping up of smaller lines in the immediate territory of each large trunk line where the welfare of the community will be served by so doing, and I deprecate the formation of systems so large as to pass beyond the administrative scope of the head of the system."

However, the first step toward rail consolidation has already been taken, says *The Commercial & Financial Chronicle*, the Interstate Commerce Commission having "put the seal of its approval on the acquisition by the Missouri Pacific Railroad of the New Orleans, Texas & Mexico Railway, known as the Gulf Coast Lines, including control of the International Great Northern system. The merger involves over 11,000 miles of road. And *The Annalist* reports near completion in the Van Sweringen scheme, the main obstacle to the consolidation—namely, protection of minority stockholders in the Pere Marquette—having been removed.

A coal merger is afoot, announces *The Black Diamond*, reported to be "of gigantic proportions," to consolidate all the mines in southwestern Indiana. This means over 100 mines and about 5,000 men. "It is intimated that a \$60,000,000 corporation will be formed to effect the consolidation . . . New York and Chicago capital is said to be engaged in the deal." Two similar movements are rumored from Illinois.

In automobile circles, too, *Michigan Manufacturer and Financial Record* tells of the consolidation, in the Murray Body Company at Detroit, of the C. R. Wilson Body Company, J. C. Widman & Company, and the Towson Body Com-

pany, with the J. W. Murray Manufacturing Company. "The consolidation was made to reduce overhead, combine resources and to widen the field of operations so as to include some of the sources of raw materials needed. A sawmill at Bay City has been in operation for some time as a unit of the Wilson Body Company."

Up in Canada they are doing the same thing. News of the merging of asbestos companies comes through *Engineering and Mining Journal-Press*, from Quebec. "By organizing in this fashion producers hope to reduce the effect of Rhodesian competition, which is being felt most keenly." And Ontario sends word to *The Modern Miller* of an agreement whereby a carriage manufacturing consolidation has been accomplished.

And from Germany, via *The Annalist*, it is reported that "the most noticeable factor here is the increasing activity of the great industrial combines. This is a new phenomenon, because the trusts and cartels in question are themselves mostly new. . . . During the past three months there have risen from the grave the Rhenish-Westphalian Coal Syndicate and the Raw Steel Syndicate; a dozen subsidiary syndicates are being formed for the various specialized metal products; the Solingen fine-steel manufacturers are negotiating for an association over the world, and the big Aluminum Trust is prominently in the public eye."

Foot Notes for Shoe Slackers; Magna Charta of Tanning Trade

THE SHOE and leather men are after us now. They want to make us conscious of our feet! After a baby period of excessive interest in them, most of us have spent a lifetime trying to forget our feet—to rise above them. Now we are to be met on every side with exhortations to look at 'em—just look at 'em!

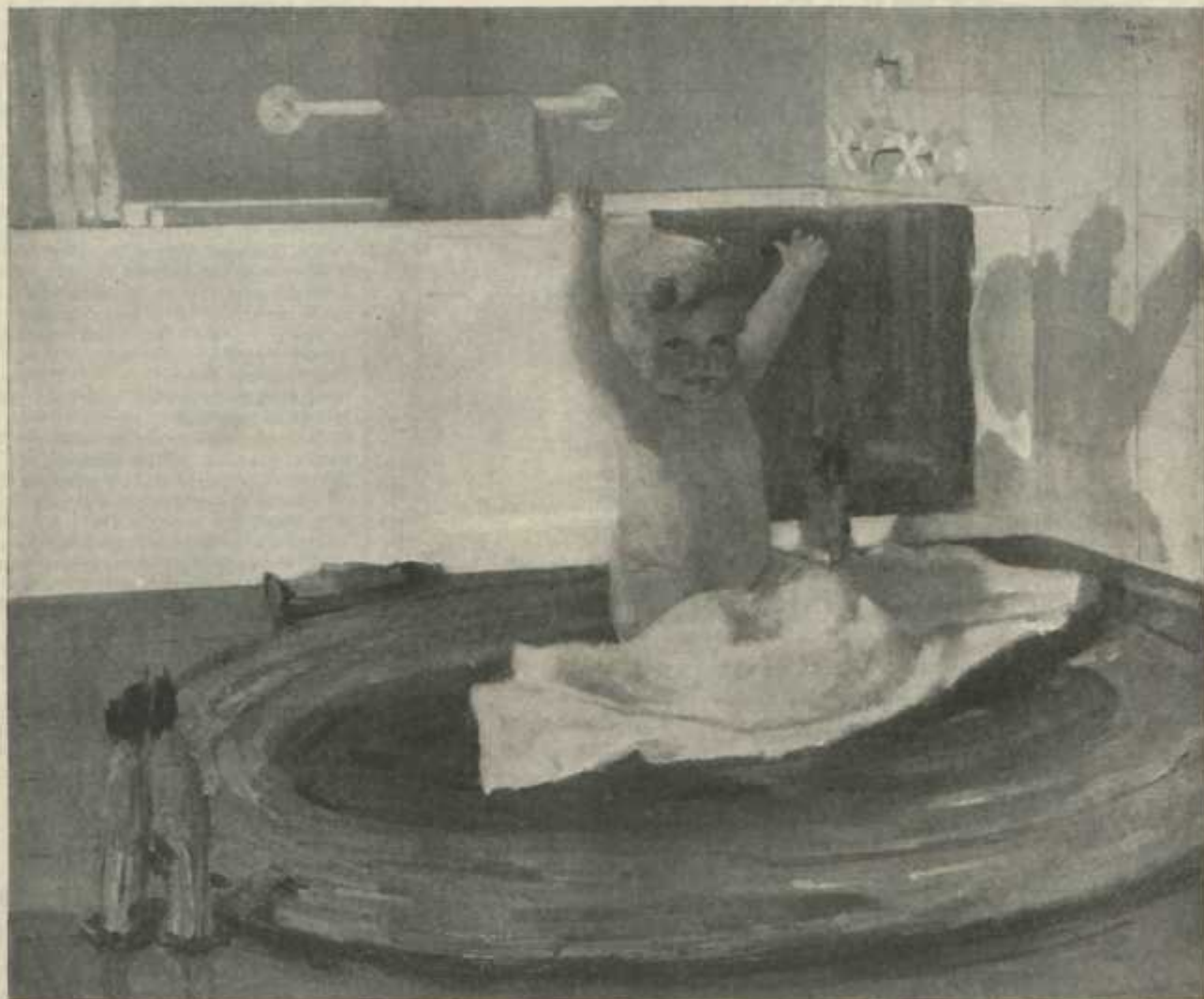
The object of the campaign is to make us aware that there exists a propriety in footwear against which American men gravely offend. A style appropriate to one occasion becomes, when worn at the wrong time, an offense and a tittering. But the American goes blithely to evening functions in his tan oxfords, plays golf in patents, and wears sneakers in the house. To end this national disgrace should be a patriotic duty, thinks the shoe trade—and should, incidentally, help the trade.

And walking is another thing that is to be played up. When anyone tells you how good for your health walking is you may be sure that he is in the shoe business—or wishes he had an automobile. Hear what *Boot and Shoe Recorder* has to say about it: "The public has got to be made conscious of the fact that it possesses feet that are useful. Support . . . of a walking movement is important from the viewpoint of health and, incidentally, from the viewpoint of sales of footwear."

As to conditions in the shoe trade, there is hope. The same journal says that stocks are low, production is being curtailed, and demand is growing. And there are two factors which must be watched for future developments, the increase in riding over walking, and the fact that "our nation is turning from agriculture to manufacturing"—i.e., with less ranching there are fewer hides on the market and more people on sidewalks. These two factors play against each other, and the one which wins will determine the shoe business.

Shoe and Leather Reporter hears that "the manufacture and sale of work shoes has decreased." The explanation of this is that "the old-fashioned working man is a vanishing quantity" and that, whereas once upon a time a laborer owned one pair of footwear for all occasions, now he wears any old pair while on the job but at

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quitting time dons a smart street shoe. Hence the manufacturer refrains from producing "work shoes" and bends his energies to devise style in the cheaper grades of street shoes.

"Hides and leather are a shade firmer," reports *Commerce and Finance*, "as a shortage of cattle next spring is confidently predicted. The high cost of corn and other feed is leading most of those who own cattle and hogs to sell them now rather than to fatten them, and an advance in the price of meat next year seems almost inevitable."

What is termed "The Tanners' Magna Charta" is announced by *Shoe and Leather Reporter*. This set of principles for the tanning trade—"the most important declaration of tanning principles and practice ever promulgated"—was put forth at the Tanners' Council at Cincinnati by Hiram S. Brown of the Central Leather Company. Mr. Brown spoke for his concern alone, but it was "the consensus of opinion among the tanners present . . . that the plans outlined by Mr. Brown would be universally followed by the tanning concerns generally. . . . The so-called independent tanners will get under the umbrella or be caught in the flood."

The points made are as follows: "That a substantial number of the tanneries of the Central Leather Company will be scrapped, thus making permanent the system of curtailment of production which has been in effect for many months. That domestic hides will be bought regularly from week to week during the year, without special regard to the short-haired hides of summer or the long-haired hides of winter; and that there will not be at any one time hides on hand which amount to more than eight weeks' supply. That leather will be sold the year round on a strictly replacement basis." It is stated that, though appearing simple, these points will revolutionize the trade. Mr. Brown is president of the company which "makes and sells at least one-third of all the sole and belting leather produced in the United States."

At the University of Cincinnati a \$110,000 building was recently dedicated to leather research work.

Germans Electrify Germany; Change Lignite to Light

STATEMENTS put out by *Electrical World* make one realize that advance along the lines of electrification in Germany has been astounding in extent and rapidity. The new electric systems are dependent upon lignite and water power. Says the journal: "At the beginning of 1914 Germany possessed 1,600 public electric power stations with capacity of 1,500,000 kw. . . . The present total capacity, double that before the war, is about 3,000,000 kw, and the developed energy in kilowatt-hours has about trebled. Before the war 68 per cent of all power generated was with coal and 23 per cent with lignite. Today coal supplies 48 per cent and lignite 41 per cent. . . ."

Buffaloes, Foxes and Farming For Furs in Canada and U. S.

NO ONE would call Canada's buffalo herds "a fur farm," yet the Dominion Government last season disposed of several thousand skins from the surplus of these herds which were made up into coats retailing at \$85 to \$100 each, and into carriage robes. The "buffalo robe"—pride of our grandfathers—has come back bearing a price-tag of \$75 to \$100, and a well-known Canadian furrier had "quite a little success" with these old-time comforts.

Fur-farming is a profitable business. The total number of fur farms in operation in Canada in 1923 was 1,240, according to *Fur Trade Review*, of which 1,179 were fox farms and the rest as follows: Raccoon 22, mink 12, muskrat 10, and 11 miscellaneous such as chinchilla rabbits, coyotes, prairie wolves.

This was an increase of 212 over the preceding year—200 for the foxes and 12 for the rest.

"The total amount received by the operators of fur farms in 1923 from the sale of live fur-

HUMAN ENGINEERING

Railway Audit and Inspection
Company, Inc.

Franklin Trust Building
PHILADELPHIA

bearing animals and pelts was \$2,175,151, an increase over the preceding year of \$637,626, or 41 per cent. . . . The number of silver fox pelts sold increased by 61 per cent, and the value by 43 per cent." The journal states that "there are about 1,200 fur farmers in the United States and Alaska, and the majority of them are fox farmers."

But though this business is an increasing one, caution is urged in entering it on anything but a very small scale. There have been many failures.

National Inferiority Complex Makes Demand for Motor Style

BETWEEN the lines of *Capper's Farmer* something about our national psychology appears under the caption, "What's Wanted in Motor Cars." It seems that a manufacturer of automobiles, through a survey covering 250,000 prospects, has found out that customers' wants are, in order of precedence, as follows: First, by all odds, style; next, four-wheel brakes; then, balloon tires; and fourth, mechanical excellence. Cheaper closed cars were demanded by a large majority of those interviewed.

It is evident that, as a nation, we have the bag-man's urge to "sell" ourselves. Although the manufacturer of another brand of car might very well draw different results from studying his patrons, still analysis of the ruling passions of 250,000 persons taken at random from any lot must be admitted a fair "sample." Appearances make the man? Apparently, we want—in the order named—style, safety, softness, and satisfaction.

The Way of the Transgressor To Be Hard; Gaskill Report

METHODS of the Federal Trade Commission are open to improvement in the opinion of one of the Commissioners. As stated by *The Iron Age*, the Commission refused to acknowledge—in connection with its Annual Report—the minority report of Commissioner Nelson B. Gaskill and Mr. Gaskill thereupon himself sent his report, with recommendations, direct to Congress.

The minority report has been favorably received by business interests, for it embodies, among other things, the recommendation that "external police regulation" over business by the Government be lessened. But Mr. Gaskill emphasizes the fact that his recommended changes involve procedure only and do not touch the question of jurisdiction.

One recommendation calls attention to the impossibility of handling the enormous accumulation of work which is now in arrears.

The second "looks to a development of self-government of business by its own members" and suggests that "the trade practice submittal be legalized and that the expression of the trade constitute something in the nature of a law merchant, which shall have a prima facie force, so that the burden of proof would be reversed. Instead of the Commission being obliged to substantiate the trade rule so enacted before a court, the burden would be upon a transgressor to show that the rule was unjust or illegal."

B. & M. Scraps 1,000 Rail Miles In Favor Motor Bus Service

REPORT has it that the Boston & Maine Railway is going to scrap 1,000 miles of its branch lines in favor of a motor bus service. Already the railway "is operating motor busses between Ashburnham and South Ashburnham, Mass.," says *Engineering News-Record*; where "in the old service a passenger train made four round trips a day," the bus offers eight. The journal considers that "branch-line railroads are doomed."

Railway Age calls it "one of the most far-reaching plans for railway rehabilitation ever offered."

Public bus services have the enormous advantage of free use of the highways for which the public pays, points out *Railway Review*. Many roads, therefore, under heavy expense for building and



More than $\frac{1}{3}$ Reduction in Box Weight

The board-and-nail box weighed 25 pounds and carried a 40-pound article. The box made up a big proportion of the shipping cost.

A General Box Company representative believed his company's engineers could cut that shipping cost.

The Pioneer Wirebound Box, designed by General Box Engineers, weighs but 16 pounds—a reduction of more than one-third in weight—and tests proved it to be just as strong.

Time and labor also is saved in assembling and packing. For the consignee, opening and unpacking the boxes is simplified.

This analysis of shipping costs and the design of a more economical container cost shippers nothing. It does not even place them under obligation to buy Pioneer Wirebound Boxes or any other form of container made by us.

We will gladly study your shipping costs and give you the ideas of our engineers. If they design a Pioneer Box or Crate for you we ask only that you test it completely. Prove to your own satisfaction that Pioneers will cut your shipping costs as they have cut them for other manufacturers in almost every industry. If a General Box representative has not called on you with this offer, write us direct.

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Sixteen Factories Give You Close at Hand Service

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Brewton, Ala.	Detroit, Mich.	Illmo, Mo.	New Orleans, La.
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What
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Additional bearing position, additional safety, additional convenience, additional ease of operation, and additional economy. They are exclusive characteristics of the Wright Improved High Speed Motor. Ask for complete information about them and their results.

WRIGHT

maintenance of track, grading and stations, have "felt keenly the competition of this type of transportation."

Commerce and Finance asserts that "the automobile truck and bus constitute the reason for the decay of business on branch feeder lines." That being so, why not transform the obstacle into an advantage? This, points out *Automotive Industries*, is exactly what Mr. Loring of the Boston & Maine has done: "Mr. Loring advocates abandonment of some of the tracks of his railroad because it has become uneconomic to operate them longer. The service which they once rendered now is being given more effectively by another form of transportation. Mr. Loring does not blame that other form of transportation; he simply states the facts and accepts them as such. And then he goes further by urging his company to make use of that new transport agency in serving the public."

The same attitude was recognized also, reports the journal, at the New England Motor Transport Conference held recently in Boston: "It is dawning upon even those who have fought the newer forms of carrier that it is better to utilize these vehicles, or at least cooperate with those who operate them, than to spurn them or wage war against their legitimate use."

Farm or City? It's a Matter Of Temperament Not Income

THE DEPARTMENT of Agriculture and the Bureau of Labor Statistics have carried on investigations—covering 400 Iowa farm families and 3,000 town families respectively—resulting in the table below. "In looking over the figures," says *Wallaces' Farmer*, "keep in mind that the farm families didn't have from \$1,500 to \$2,000 in cash to spend. Actual cash income was only around \$1,000, and the balance came from the food, fuel and house rent furnished by the farm. On real income, however, the city and country families are closer together than most of us would expect."

FAMILY BUDGETS IN CITY AND ON FARM

	Town family	Farm family	Tenant family
Food.....	\$572.00	\$631.00	\$600.00
Clothing.....	257.00	283.00	212.00
Rent (house only).....	207.00	304.00	221.00
Education, travel, amusement, etc.....	60.00	152.00	72.00
Sickness.....	68.00	86.00	83.00
Furniture and furnishings.....	84.00	38.00	36.00
Savings and life insurance.....	137.00	70.00	49.00
Heat, light and miscellaneous.....	244.00	200.00	241.00
Total.....	\$1,629.00	\$1,874.00	\$1,508.00

In studying this table, the journal finds that apparently "the farm families spent more for education, travel, amusements, etc., than the city family with a similar income. Most of these farm families did a lot of reading, taking a county paper, a city daily, two or three farm papers, and two general magazines. The farm owners averaged sixty books in their library, and the farm tenants forty books. Most of the city families subscribed to a city daily newspaper, but only about half of them subscribed to any magazines. They bought practically no books. They spent \$9 a year on movies, which is probably somewhat more than these farm families spent."

While at first glance this does look like depraved taste on the part of the city dweller, one must remember that free public libraries obviate the necessity of heavy book-buying, and that magazines are picked up from corner newsstands wholesale by sidewalk thousands who, otherwise located, might become subscribers.

Bank savings and life insurance were greater among city folk; this is to be expected with street traffic what it is and 90 per cent of the farmers driving into town to augment the dangers! Moreover, "the town family knows that occasionally the breadwinner may be thrown out of work and that it is absolutely essential that something be set aside for a rainy day. The farm families, on the other hand, have no fear of strikes or unemployment. Their savings also are more likely to be made in the form of improved machinery or more livestock. Farm

families may grow in wealth more than city families, but they don't do it as a rule by putting their money into banks."

On the whole, it would seem that the magazine has the right of it when it says "the country people have a slight advantage." Perhaps it is well to warn those farmers, "many of whom have been considering the advisability of moving to town." Before they move, they should read this article. "The next four years on the farm are going to be much easier than the last four. . . ." Just the same, the outstanding conclusion from the study is, to our mind, that if a family of five has only \$1,500 to \$1,800 a year, it doesn't much matter whether they try to live on it in the city or in the country—they will be driven and miserable in either place, discontented and protesting, and meat for any radical agitator who comes their way.

That farming is on the up-grade, however, is confirmed by *The Bankers Monthly*: "In the last two years the improvement has been quite noticeable and . . . indications are that it will continue."

From another angle comes an equally important consideration bearing upon the farmer's lot. *Manufacturers Record* believes "there is a pronounced tendency toward decentralization . . ." away from cities, and that "the greatest influence which will strengthen this trend . . . is the development of electric power. . . ." The journal refers to "the possibility of developing on farms or in farm villages small manufacturing enterprises which will employ local people and furnish employment to farmers and farm hands during seasons when no farm work can be done."

Quoting Henry Ford's remarks that "The real problem of farming is to find something in addition to farming for the farmer to make a living at," and that "industry is definitely going out into the country—out to cheap power and cheap land. . . ." The factory not only can, but eventually will, go out into the country. . . . "the journal enthusiastically speculates about possibilities for the future in this idea: "Home life will return as the congestion of large cities is relieved, and opportunity and city comforts and pleasures blossom all over the country. Opportunity will be opened to all enterprising, capable men, and prosperity will become more general, while the number of immense fortunes may possibly be reduced." Although somewhere somebody has said that conditions now, exactly as they are, offer all the "opportunity" any true American could ask, and that the piling up of big fortunes is an advantage and benefaction to the people, it is interesting to note *Manufacturers Record* does not hold with this. And it will be still more interesting to note the results from trying to electrify the farmer.

Who Owns Your Business? Employee Control Gains Yearly

WHY SHOULD a man feel that his employees own his business? Most men do not feel so. Yet more and more often we read of decisions, such as that recently taken by the president of the Bank of Italy in San Francisco, which show an exceptional attitude.

This bank is described by *Commercial West* as "among the several largest banking corporations in the United States. It has 600,000 depositors and 86 branches in all parts of the state and is affiliated with 20 of the leading financial institutions of Europe and the Far East."

On January 1, the 2,200 employees of the bank took over control and the president and founder, Mr. A. P. Giannini, retired in favor of the first vice-president. The new plan calls for "a change in the list of officers and the directorate at least every five years to allow for promotions to these offices from the employees' list, and the full protection of all the rights and present and potential earnings of the 14,000 stockholders. . . ." Under the plan the bank will set aside 40 per cent of its net earnings at the end of each half year, to be added to a sum contributed from the salaries and wages of the employees. The 40 per cent contribution of the bank, including dividends, will be given to the employees gratis, each to receive in proportion to the amount that he contributes



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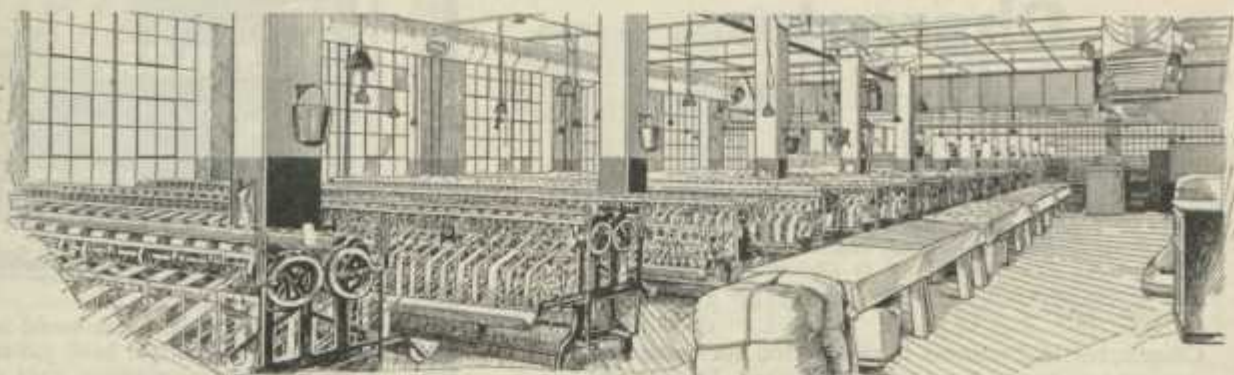
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→ Before you build a Factory or Warehouse—see Weyerhaeuser ←



INTERIOR OF MODERN TEXTILE MILL—"SEMI-MILL CONSTRUCTION"—H. E. S. Dyer, Architect and Engineer

Bringing Back Sane Economics into Industry

*A message to Business Men about
Weyerhaeuser-Ideal Industrial Construction*

MANUFACTURING progress moves swiftly in this country. It would be hard to find any factory today where plant, equipment or major methods bear much resemblance to those in use twenty-five years ago.

In the main, progress has probably made for higher production and lower costs.

Yet there is hardly a manufacturer of today who does not find his overhead costing him way beyond his reasonable hopes for economy.

NO type of factory building has ever been found so economical, dollar for dollar, as the "Mill Construction" which was the standard of American industry up to 1900.

This type of building grew out of the needs of the thrifty, frugal era of industry.

By the use of "Mill Construction," it is quite possible to save up to 15% on capital building cost.

Save up to 15% on interest charges, with a corresponding saving in taxes.

Save up to 75% on insurance charges.

In one section of this country there are hundreds of great factories built of "Mill Construction," and protected by sprinkler system against inside fires, in which the losses from fire over a recent 3-year period have averaged only 3½ cents per \$100 of insurance written.

LEST there be any misunderstanding, let us say right here that Weyerhaeuser did not originate "Mill Construction."

Nor would Weyerhaeuser be understood as urging the indiscriminate use of "Mill Construction."

In fact, one of the functions of the Weyerhaeuser Expert Construction Engineer is to advise against the use of "Mill Construction" when it is not suited to the purpose of the building.

As part of its program of service to American industry, Weyerhaeuser has made the most authoritative study of this type of building in recent years—and perhaps ever.

Capital investment—taxes—interest charges—depreciation—design—structural efficiency—flexibility of interior division—fire safety—insurance rates—and many more things.

Furthermore, since "Mill Construction" depends first of all on adequate supply of great fine timbers, Weyerhaeuser supplemented the above investigation by a survey of its timber resources and distributing facilities in relation to "Mill Construction" needs.

The Douglas Fir Mills of the Weyerhaeuser organization are producing

selected timbers of the finest possible wood for this purpose.

Through the Weyerhaeuser distributing plants in the heart of Eastern and Mid-Western markets, these timbers are laid down quickly and economically in all the principal industrial sections of this country.

THE Weyerhaeuser Expert Construction Engineer is available for consultation with the Industrial Man, his Building Engineer and his Architect.

His services are purely consultative, and rendered without charge—a characteristic Weyerhaeuser personal contribution to greater efficiency in the employment of America's lumber resources.

Responsible members of industrial concerns are also invited to send for complimentary copies of the Weyerhaeuser books—"Industrial Buildings," written for the Business Man, and "Structural Timbers of Douglas Fir," a book for the Building Engineer, Architect, and Purchasing Agent.

WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA



Producers for industry of pattern and flash lumber, factory grades for remanufacturing, lumber for housing and crating, structural timbers for industrial building. And each of these items in the species and type of wood best suited for the purpose.

Also producers of Idaho Red Cedar poles for telephone and electric transmission lines.

Weyerhaeuser Forest Products are distributed through the established trade channels by the Weyerhaeuser Sales Company, Spokane, Washington, with branch offices at 208 So. La Salle St., Chicago; 220 Broadway, New York; Lexington Bldg., Baltimore; and 2694 University Ave., St. Paul; and with representatives throughout the country.

Character

The Best of all Collateral

The late J. P. Morgan said:

"I have known a man to come into my office, and I have given him a check for a million dollars when I knew they had not a cent in the world. The first thing is Character. Before money or anything else. That is the rule of business."

Character in Business is reputation for integrity, sincerity and genuine business ability. It does not spring into being over night. It is the creature *only* of slow development.

When an enterprise takes the Banker into its confidence, and makes a practise of submitting a periodical Detailed Audit Report, *it builds Character.*

The Detailed Audit Report, above all other factors, serves to establish a relationship of mutual understanding and trust between Banker and Business Man. It is the *one* instrument that can give the Banker a complete picture of a business in all essential details. It is the *only* instrument that can satisfy him that his client does business on facts, based on dependable figures.

Under present conditions, when money is comparatively easy to borrow, the Detailed Audit Report not only builds *Character*, which is *the best of all Collateral*, but *checks* against over-borrowing and *protects* against the dangers of lapsed maturities.

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A FAMOUS hotel man would never employ for an important hotel job any man who had ever been a salesman.

"Salesmen are too well trained in the art of making others think as they do," he used to say, "and that won't go in a good hotel. We must make concessions to guests and do what they want."

COL. LEONARD AYRES, vice-president of the Cleveland Trust Company, has done in recent years some interesting feats in business forecasting. Yet he is an unimportant looking little fellow who might be taken for a paperhanger or an apothecary's clerk. Recently a young salesman called at Ayres' office to try to sell him a weekly letter dealing with business trends.

"You know," Ayres said modestly, "we get out a business bulletin here of our own."

"Ah, yes," replied the young salesman, who evidently had never before heard of Ayres, "but ours is done by experts."

I HAVE just been reading a report of the Metropolitan Life Insurance Company which shows that there is just one kind of accident—burns—which kills more females than males. Three out of five such deaths are of girls and women, and this numerical discrimination is believed to be due to feminine clothing. But it is unlikely that women will give up wearing the fluffy garments which increase their fire hazard and also hamper their movements in escaping from danger. We men folk like our women to be thus handicapped because their comparative helplessness makes them more dependent on us—thus tickling our vanity—and we're going to see to it that they do not go too far in sensible dress. Even bobbed hair, cute as the girls look in it, seems likely to run its course.

ONE OF the most intelligent men I ever knew is Dr. William J. Spillman, consulting economist in the U. S. Department of Agriculture. The last time I dropped in at Dr. Spillman's office I found him working on a typewriting machine which has no capital letters. I asked him why.

"Why should it have capital letters?" was his smiling reply. "Why should any machine have two sets of letters? Indeed, why should schools confuse pupils by teaching two sets of letters when one set is enough? Why should business men and others who write many letters continue the practice? I took my capital letters off this machine because I wanted room to put on various mathematical symbols that I really do need."

Then he showed me how he has merely one key which places a little curve over any letter to indicate that it is a capital. Thus one key takes the place of 25 others. When he writes a letter in longhand, Dr. Spillman is

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similarly economical. He makes his capital letters the same as others, only larger.

I went away wondering how much time might be saved for future generations if business men who write more letters than any other large group, should decide to quit using two sets of letters.

I TRIED recently in a Cleveland hotel to buy an airplane postage stamp for a letter to San Francisco. The stamp seller had none and said it was the first time he had had such a request. Out of curiosity I then went to another leading hotel and tried to buy stamps for airplane mail. They not only didn't have such stamps but evidently had never heard of them. I next tried the experiment of asking business men for information about the cost of sending a letter by airplane from Cleveland to New York. Of a score I asked not one knew! The fact is that the airplane mail service, notwithstanding the marvel of it, is still too new to be popular. It takes a long time for a novelty to sink into the public mind. A young business friend of mine has a sweetheart in San Francisco to whom he writes often. Yet, though he is seemingly keen-witted, the idea of sending her a letter by airplane had never occurred to him.

I HAVE received several letters from engineers regarding the reported overcrowding and the comparatively low income in that profession. Hugh Archbald, of Phillipsburg, Pa., has an interesting and plausible explanation of this low income—in brief, that the engineer is underpaid because he does his work in getting an industry started, or before money returns begin. Mr. Archbald says:

The work of an engineer is far removed from the crater of exchange. The need for him is greatest at the beginning of any undertaking and at a time when the days of income are farthest removed. As the days of income approach, the need of the engineer decreases. After the horse is safely locked up in the barn, the engineer is out of a job.

Moreover, even if an undertaking is running and enjoying income, the engineer is, unfortunately for himself, employed on the production end, that is, on the end where money is going out, not coming in. And not alone that, but his situation is a secondary one on the production side. An undertaking can run with plenty of supervision and little engineering. It can be bulldozed through to a success. It cannot run with all engineering and no supervision.



In consequence of these two essential facts, the monetary returns from the work of engineering are bound to be low. And as a known wage is one of the most desirable things, many a man who finds himself trained for certain work is glad to tuck himself away in routine, smothering his discontent and wishing that he never had studied the fascinating sciences, but, as an office boy, had grown up nearer a crater of exchange.

This seemingly unfair division of rewards is true, of course, in various kinds of work. In a newspaper office a good advertising man is likely to make more than an equally clever reporter—though the reporter is writing the stuff for which people buy newspapers. The reason is obvious.

STILL another slant about engineers and business men comes from James E. Payne, of Lansing, Mich., who says: "As I have hired a good many engineers and am one of the few in the American Society of Civil Engineers who did not have a college education, possibly I can point out some of the difficulties in the situation as I see it from the outside."

Engineering rewards are small because schools do not teach engineers to use their knowledge

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What a whale of a difference
just a few cents make

for the advancement of their own interests. It is not lack of intelligence but lack of self-assertiveness that characterizes the average engineer. He is taught to use his knowledge for the advancement of mankind and to look at questions from a long range economic viewpoint with his own rewards as a secondary consideration. It takes a good many years for a young man to get over this idea, if he ever does.

After a man has put in four years studying some one branch of the engineering profession he leaves school knowing what an infinitesimal amount of actual knowledge he really has compared to the immense amount available, and this makes him an easy prey for some man who knows little else than adding 33 1-3 per cent to the cost gives a gross margin of 25 per cent of the sales.

There are not too many engineers, but a lot of them would be clerks and day laborers without the technical education. They are much better off than they would have been without it. The engineering profession should not be criticized because this type is in it.

The successful "consulting engineer" (he of the Van Dyke beard) does not reach his pinnacle through his engineering knowledge alone. He gets there through his personality, his sales ability, his political and business connections, and his friendships.

When a graduate engineer can readjust his mental attitude to a point where he considers himself a business man with his technical training as a help, the rewards will be found to be as good as can be hoped for.

SURELY none of the old maxims is more unsound than the advice: "Never put off until tomorrow what can be done today." Particularly in a business office, the man who tries to do everything that can be done today is certain to waste his time. He will perform various acts which tomorrow he will know were useless. Situations change overnight, and it is wise to have the latest possible information before one acts.

Just test yourself by recalling all the things you had a notion to do yesterday and see if half of them wouldn't have been foolish or unnecessary. A famous business man has an office rule never to answer letters except those of unusual importance until after three days. By that time most of them don't require any answer. A far more sensible rule might be: "Never do today what can properly be put off to tomorrow—because maybe you won't need to do it tomorrow."

JUST recently I was in a music publisher's office while he was in the midst of selling to a phonograph company the rights to a song to be published three or four months later.

"When the song becomes popular," he explained, "they'll have the phonograph records all ready for the market."

"But how do you know," I inquired, "that it will be popular?"

"Oh, we'll attend to that," he said. "Of course it has to have an element of tuneful merit to begin with, and we'll arrange with vaudeville singers to sing it, with music teachers to teach it, with theater and restaurant orchestras to play it, and otherwise drum it into people's ears until they just can't help whistling it."

To think that even now there are men who know what I'll whistle next winter, and I'm powerless to help myself!

"IT WAS not until after I began to neglect my business that I really made any large amount of money," E. A. Filene, famous Boston merchant, recently remarked to a friend. "By neglecting my business I was able to look about the world and get a broader view of business and, moreover, I gave my assistants and associates an opportunity to do many things far better than I had been doing them."



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THE NEW YORK TIMES, MONDAY, DECEMBER 1, 1924.

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"THERE OUGHT
TO BE A LAW"

"BUSINESS is stubborn and selfish!" said a Congressman the other day to the editor of NATION'S BUSINESS. He had just heard the result of a business battle. The Secretary of Commerce had called lumbermen to Washington to fix a standard inch board.

"Get together," he urged, "solve your own problems."

The lumbermen welcomed the opportunity to do the job themselves; they realized that if they didn't, Congress might. (Then there would be the devil to pay as well as more Federal inspectors, investigators, and supervisors.) Bad for business; bad for the consumer.

So this great industry, represented by mill men, wholesalers, manufacturers, retailers, architects, and builders, worked all day and night, and the next day and night. One thirty-second of an inch hopelessly divided them. The Secretary of Commerce made a personal plea. More discussion. Finally a compromise: a standard and an extra-standard board were adopted.

IT WAS this incident which aroused the Congressman's ire.

"You can see for yourself. There's a typical case. Business is stubborn, selfish, and stupid. Fighting over a thirty-second of an inch! That is why Congress has to make hundreds of laws each year regulating business!"

The editor had attended the meetings. Otherwise he could not have answered the challenge.

"It does seem like a small thing," he replied, "a thirty-second of an inch. Yet that thirty-second of an inch involves the scrapping of millions of dollars' worth of machinery; it involves destruction of hard-won markets, entailing endless confusion; it would mean a realignment of thousands of freight tariffs, both rail and water; it would require a revision of building codes in twenty-odd states; it would—"

"Hold on," said the Congressman, "I didn't realize—"

THAT is the trouble. There are too many of us who do not realize the tremendous interrelation of industry today, who prescribe a simple legislative pill. It's so easy to say, "There ought to be a law—". But business, now so complex, cannot be treated so simply. In 1919 the Russians couldn't buy tea.

India, which raises it for them, couldn't buy textiles of England. The Manchester mills had the greatest slump in sixty years. Cotton dropped, and the South couldn't buy; wholesalers along the Ohio River failed. Thus Cincinnati families suffered, and all because the Russians quit drinking tea.

Again. A shipment of pianos was tied up in a South American port because the purchasers could not pay for them. A man in Omaha invented Eskimo Pie with a chocolate coating. It swept the country, necessitating more cacao from Ecuador. The trade balance was restored, credit re-established in New York. The Ecuadorians got their pianos; our manufacturers got their money; piano workers their wages. New markets were opened for wire and wood and steel and all the things which go into a piano.

All because a man in Omaha thought of selling ice cream in a chocolate cover.

OUR industrial processes, growing more intricate daily, breed misunderstandings—and oftentimes bad legislation. No one mind today can encompass these far-flung interrelations. H. G. Wells says regarding them: "It is a race between education and catastrophe!"

Our national well-being depends upon a wider understanding of business. And that means, simply, the sum total of your understanding and mine.

NATION'S BUSINESS is a magazine devoted to bringing about a better appreciation of the intricate relations of government and business, and also a better appreciation of one industry's problem by another. It is published in Washington by the largest business organization in the country, and is founded on the belief that anything which is not for the public good is not for the good of business.

The circulation of NATION'S BUSINESS today is 165,054. One year ago it was 120,666.

THE
NATION'S
BUSINESS

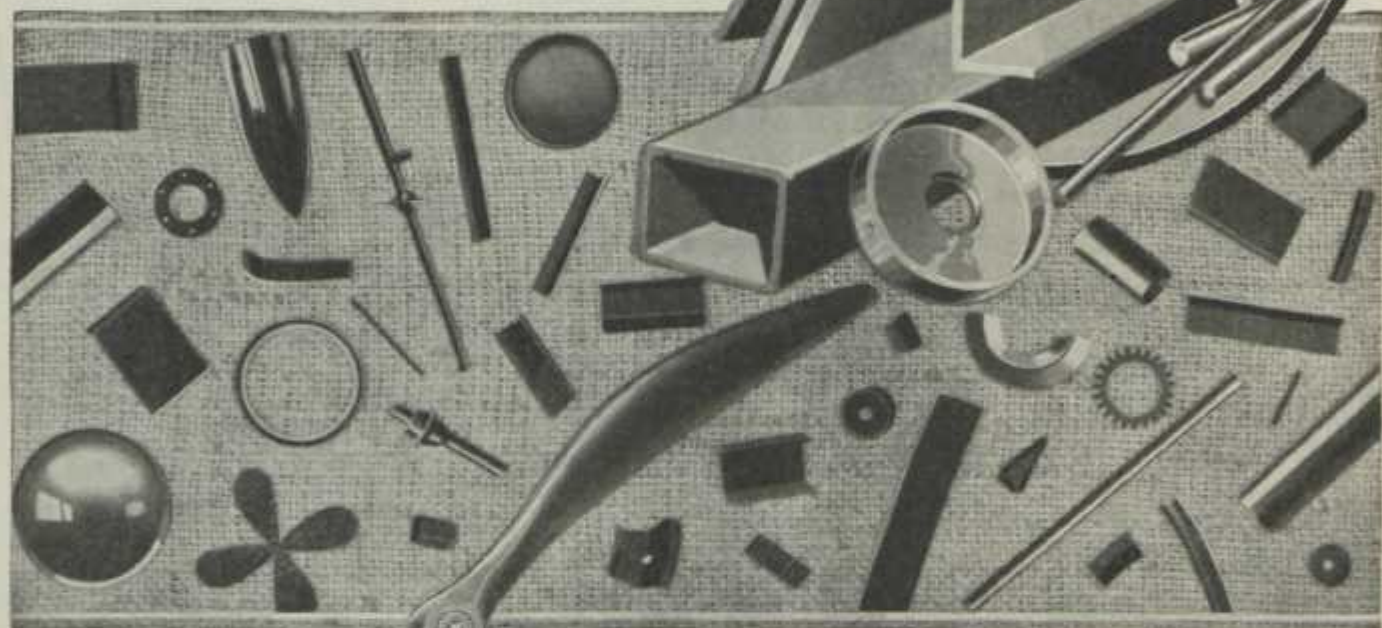
PUBLISHED MONTHLY BY THE CHAMBER OF COMMERCE OF THE UNITED STATES, WASHINGTON, D. C.
BRIAN TRIGGS, Editor

To our readers:—
This is the second of a series of announcements about your magazine
It appeared in the
New York Times
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Cleveland Plain Dealer
and
Kansas City Star

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It is insoluble in alcohol, benzine, turpentine, hot water, oil or other ordinary solvent.

It is infusible, and remains unaffected by ordinary temperatures.

To investigate may be to uncover new and unexpected ways to better your product or lower your costs. Write the nearest Westinghouse office.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
Offices in all Principal Cities • Representatives Everywhere
Tune in with KDKA—KYW—WBZ—KFKX

Westinghouse

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ANNOUNCING

our quarter Century
Anniversary ~1900-1925



*for profitable
Transport service*

for a full quarter century
Mack interests have been
centered upon the manu-
facture of transport vehicles

MACK TRUCKS INC.
INTERNATIONAL MOTOR COMPANY
25 Broadway New York City

Eighty-three direct MACK factory branches operate under the titles of:
"MACK MOTOR TRUCK COMPANY" and "MACK INTERNATIONAL
MOTOR TRUCK CORPORATION"

The Mack Organization in 1900

In 1900 when the first motor truck bearing the Mack name plate was delivered in New York City the entire Mack organization numbered but twenty-five persons. Today, with manufacturing plants at New Brunswick, N. J., Plainfield, N. J., and Allentown,



Pa., and with over eighty direct factory branches, and sales representation in principal cities throughout the world, the Mack-International Motor Company employs over seven thousand people. It is interesting to note that six of the original group shown here hold responsible positions with the present company.

MACK TRUCKS - MACK BUSES - MACK FIRE APPARATUS - MACK RAIL CARS
P E R F O R M A N C E - C O U N T S

As far as your service needs go each of these Autocar branches is the Autocar factory itself



"A motortruck is only as good as the service behind it."

This service is maintained by one organization:
The Autocar Sales and Service Company

FROM these 46 branches — factory-equipped, trained, and controlled — radiates a further system of affiliated representatives and authorized service stations.

Thus the uninterrupted earning capacity of every Autocar Truck is

assured. Thousands of Autocar users, individuals and great corporations, have learned to make that assurance one of their permanent operating economies.

The Autocar Company
ESTABLISHED 1897
Ardmore, Pa.

Mail
with your
letterhead

The
Autocar Co.
P. O. Box 1155
Ardmore, Pa.

Please send me your

☐ Gas truck book

☐ Electric truck book

Autocar
gas and electric trucks
EITHER OR BOTH - AS YOUR WORK REQUIRES